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# The NATION'S BUSINESS

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OF THE UNITED STATES OF AMERICA

AGRICULTURE  
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MANUFACTURING  
TRANSPORTATION  
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FINANCE  
EDUCATION  
PROFESSIONS  
GOVERNMENT  
ALTRUISM

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**BANKING AND CURRENCY REFORM** *I do not care to be an alarmist or to raise vague thoughts of trouble and disaster in the minds of any members of the community. But as reasonable human beings we must recognize that it is now well toward six years since the panic of 1907. Prior to that date there had been periodical money stringencies, many of them resulting in suspensions of payment and the issuance of Clearing House certificates with disastrous consequences to those who were unable to get immediate means of payment. It is not unreasonable therefore, but wholly in accordance with the facts of past experience, to expect a similar difficulty at some time in the future. How soon will it come? I can not tell nor can anyone, yet there are symptoms that should not go unobserved. We have it on the authority of one of the leading bankers of the West, a man with thousands of country correspondent banks that never before, not even during the panic of 1907, did he experience greater difficulty in meeting the demands upon him than during the past autumn. He was obliged to let his reserves run down, and his experience was that of many other bankers. There is good reason to fear the outcome if present conditions are allowed to drift idly with the stream until they strike a rapid or a whirlpool.*

Extract from address by Hon. Carter Glass, Chairman Sub-Committee of House Committee on Banking and Currency, delivered before the Chamber of Commerce of the United States of America, January, 1913.

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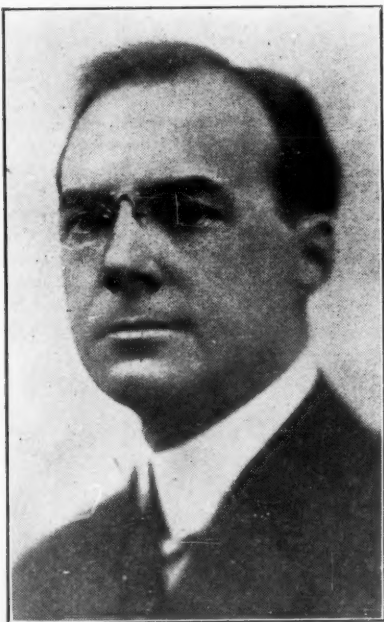
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### Meeting of Directors, Washington, April 24th to 26



EDGAR G. CRISWELL,  
District Secretary, New York.

Mr. Edgar G. Criswell was born in West Monterey, Pennsylvania, in April 1872. He was educated at the public schools and at Mount Pleasant Institute, an academy at Mount Pleasant, Pa. Since 1891 he has been associated in many directions with newspaper and magazine work. The special training through which he has gone in the past six years with World's Work prepared him for his present position as District Secretary. He was manager of the City and Land Promotion Department of World's Work. He was also active in the investment department of the same periodical. For three years his headquarters were in Chicago. These experiences brought him into touch with the leading commercial organizations and with all large investment enterprises in the various States lying east of Denver. He has taken part in four annual conventions of the American Association of Commercial Executives and is an associate member of that body. He is personally acquainted with the majority of the leading commercial secretaries. In the direction of social service, Mr. Criswell was for years connected with Saint Andrew's Cross.

### COMMITTEES COMPLETED

The following committees are now complete:

Federal and State Regulation of Domestic Commerce, consisting of twenty members, five each in Boston, Milwaukee, Dallas, and Portland, Oregon;

Committee on Tariff and Taxation with members in New York, Chicago, Atlanta and Denver;

Committee on Vocational Education with members in Boston, Cincinnati, Birmingham and Charlotte, N. C.;

Committee on Latin-American Trade with members in Philadelphia, New Orleans, St. Louis, and San Francisco;

Committee on the Consular Service with members in Philadelphia, New Orleans, St. Louis, and San Francisco.

Each of the above committees has been supplied with material for consideration and with suggestions as to research. The expectation is that each city group of a committee will meet every two weeks and that reports of progress from each group will be frequently transmitted to the National Headquarters in Washington. The office of the General Secretary will also see that each section of a committee is advised relative to the progress of every other section of that committee. The General office also stands ready to transmit to each section any matter that other sections of a committee may desire it to receive.

The Committee on Patents, Trade-Marks, and Copyrights is not yet completed but the groups in the three cities whose sections are complete, have commenced their research. These cities are Rochester, Detroit, and Washington, D. C.

Progress is being made with the following committees; the number following each title indicates the number of members already appointed:

North American-European Trade, 11.

Oriental Trade, 11.

Canal and River Traffic, Transportation and Communication, 10.

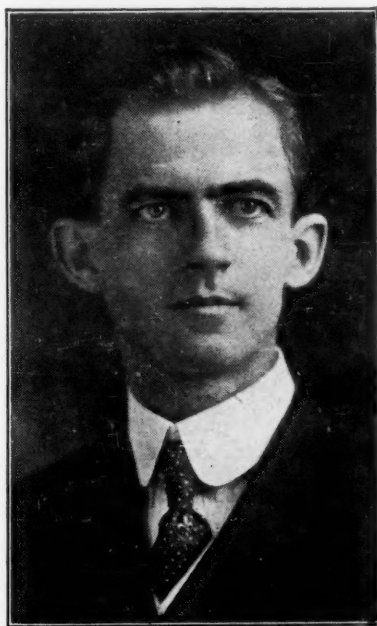
Currency and Banking, 8.

## LEGISLATIVE BULLETIN

¶ The First Legislative Bulletin of the 63d Congress has just been distributed to members. It covers the entire Tariff measure in such a way that members can, from week to week, keep track of all changes on all Schedules. It also abstracts all Banking and Currency Bills, and gives general legislation affecting business by titles.

¶ The final Legislative Bulletin of the 62d Congress, issued by The Chamber of Commerce of the United States of America, immediately after March 4th, aroused favorable comments from the majority of our members. It gave a full understanding of the status of all measures affecting business, and being cross-indexed by subject, general group and numerals, has proved an immense convenience.

¶ The Legislative Bulletin of the Chamber is the most convenient plan ever devised for piloting interested men and organizations through the mazes of confusing and complicated national legislation. It and the General Bulletin and The Nation's Business are distributed free to members.



MR. H. C. COLES.

Mr. H. C. Coles was born in Pittsylvania County, Virginia, in February 1873. He was educated at private schools, at Bethel Military Academy, Va., and at the University of Virginia. From 1895 to 1901 he was private secretary to Hon. Claude A. Swanson, now Senator from Virginia. In 1901 he became a Special Agent of the Post Office Department; in 1902 he was appointed supervising examiner of the Rural Carrier Examining Board. In 1905 he was appointed chief of a division of the United States Civil Service Commission. In 1907 he became Chief Examiner and Secretary of the Porto Rican Civil Service Commission. In 1909 he became Secretary of the Second United States Civil Service District with headquarters in the Custom House at New York, and was placed in charge of all the federal civil service work in New York State and in northern New Jersey.

At the time of his resignation to become Assistant District Secretary at the New York Office of the Chamber of Commerce of the United States of America, he was chairman of the Customs Promotion Board, a member of four boards of the Ordnance Department and of two boards in the Engineers Department.

### Activities of Officers

President Wheeler has visited Saginaw to take part in the Semi-Centennial Anniversary of the Saginaw Board of Trade. He has also spoken in Atlanta and Chattanooga.

Director Paul T. Carroll, of San Francisco on April 1st, addressed the Electrical Development League. Regarding the Chamber of Commerce of the United States, he said: "All public officials are amenable to advice on commercial questions. There should be more esprit de corps between public servants and business men. Harmony, I am sure, will do away with the petty misunderstandings that we have from time to time with men holding public office."

Director Frederick E. Boothby of Portland, Maine, in addressing the Maine State Board of Trade, March 21st at its semiannual meeting, commended the Chamber of Commerce of the United States to all organizations in Maine.

Vice President H. E. Miles, of Racine, Wisconsin and Director E. P. Wells, of Minneapolis appeared before the directors of the Los Angeles Chamber of Commerce, in March. Vice-President Miles

also met the Directors of the San Diego Chamber of Commerce in March. Both organizations will become members of the Chamber of Commerce of the United States.

Director Homer H. Johnson of Cleveland addressed the Toronto Board of Trade, March 25th. He gave a detailed explanation of the activities of the Cleveland Chamber of Commerce.

Director John Fahey addressed the business men of Lawrence, Mass., March 27th, relative to the advantages of consolidation of organized activities. It is now hoped to bring about a consolidation of the Lawrence Board of Trade, the Real Estate Owners Association and the Merchants' Association into one representative body, which will also co-operate with the Development Corporation and the Citizen's Association.

General Secretary Goodwin, addressed the North Carolina Pine Association at Norfolk, March 20th. He will address the Annual Banquet of the Wilkes Barre Chamber of Commerce, April 30th.

The Editor of The Nation's Business will address the Get-Together Banquet, of the Norfolk Chamber of Commerce, April 21st.



The above cut is now being used on the letter-heads of nearly one hundred of the organization members of the Chamber of Commerce of the United States of America. It is furnished without cost.

### NEW MEMBERS.

American Chamber of Commerce in Paris, Inc., Laundrymen's National Assn., La Salle, Ill.; Board of Trade, Philadelphia, Pa.; Wholesale Grocers' Association, Boston, Mass.; Board of Trade, Malden, Mass.; Commerce Club, Toledo, Ohio; Board of Trade, Paragould, Ark.

Membership:— 316 Organizations to date.

## REFERENDUM No. 2 Permanent Tariff Commission

There has been submitted to the members of the Committee on Tariff and Taxation for their approval a form of referendum on the request for a permanent tariff commission. In the immediate future it will be submitted to all organization members of the Chamber of Commerce of the United States for their vote and by the vote the Chamber will be hereafter guided relative to this important subject.

The Chamber of Commerce of the United States at its First Annual Meeting unanimously passed a resolution calling for the creation of a per-

(Continued on page 9.)

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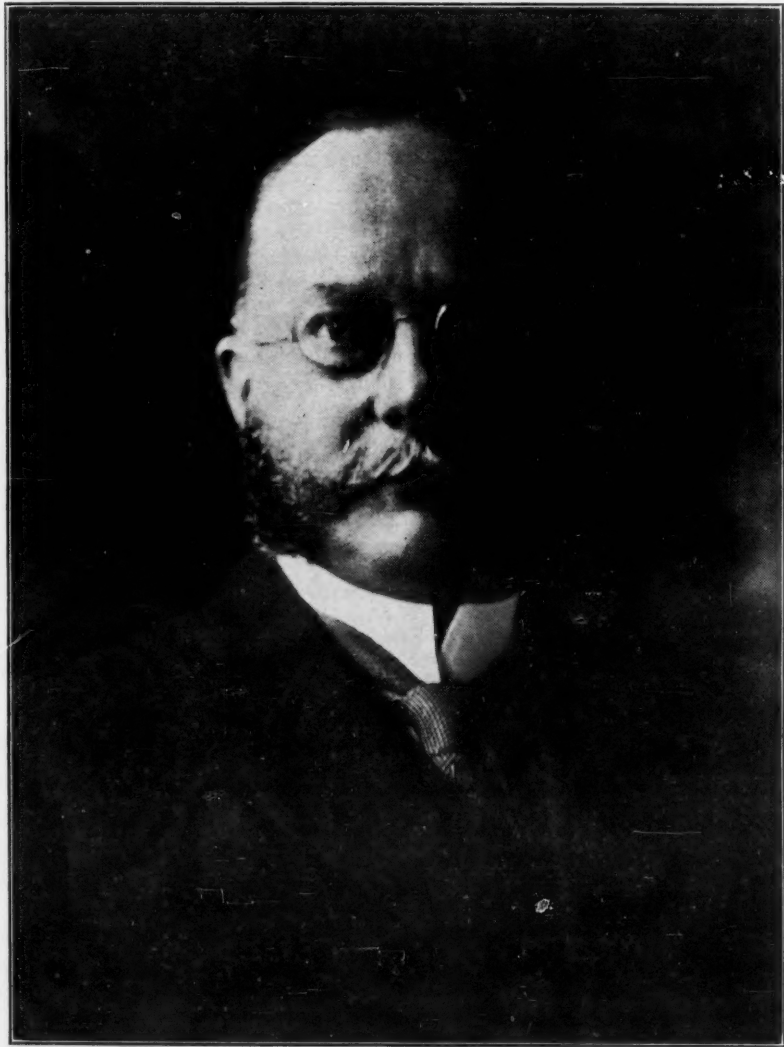
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APRIL 15, 1913.

## Impressive Interview with Secretary Redfield Regarding Increased Scope of Usefulness of the Department of Commerce

"There is a gap remaining to be filled in our study of the activities of the manufacturing nations that are the rivals of America in the markets of the world." With these words, Secretary Redfield opened an interview with the editor of The Nation's Business, relative to the scope of the Department of Commerce and its relation to the nation's business. He defined the gap in the following manner: "Our Consular Service as it has been improved since 1906 by the merit system is entitled to much praise; there are great hopes for its future increasing usefulness. The reports of consuls received through the Department of State and made up into Daily Consular and Trade Reports, issued by the Bureau of Foreign and Domestic Commerce of this Department, are already serving manufacturers, contractors and business men to great advantage.

But a consul has many other duties besides those which involve commercial research. These duties take time and thought. Our men are not able to give continuous study to commercial and industrial questions. Furthermore, they have no privilege to travel in order to complete research on any subject and the conditions under which they are assigned to duty largely forbid acting on their own initiative.



HON. WILLIAM C. REDFIELD, SECRETARY OF COMMERCE.

Their work has been supplemented by the commercial agents of the Department of Commerce. These men frequently travel from country to country, relative to research on one subject only, as for instance, textiles or the credit systems of foreign countries. Their work resembles that of a man on a business trip who, sent, we will say, from New York to San Francisco to sell boilers, would not give any attention to any other subject while on his trip. The reports of the commercial agents have been of much value.

### Commercial Attaches.

The need exists for what we may call "commercial attaches," accredited to Germany, Great Britain, France, Italy, Russia and Austria by the Department of State but whose labors would be under the guidance of the Department of Commerce. These men would sustain in the commercial field the same duty for research which is now assigned in military and naval affairs to military and naval attaches.

The duties of these "commercial attaches" would differ decidedly from those of consuls. They would be expected to travel; they would supplement consular investigations that are local by investigations that are general. They would study every phase of activity in foreign trade carried on by the nation to which each was assigned. They would become the source of information to the American commercial world regarding methods that could be utilized, or methods that could be improved upon in conquering for America additional foreign territory in the world of trade. As I see the duties of these men, they would be in no sense salesmen. They would not at all represent individual industries. They would study commercial and industrial conditions for the advantage of all America. The information that they would be prepared to send after a year or more of study would be of such a thorough character as to justify its use and consideration by every business element of America. As I see it, the expense of setting such a

system of study in operation would not be large, but the appropriation would have to be sufficient to justify the employment of first-class men.

### Indefinite Enlargement.

I regard this as only one of the elements of expansion which should take place in the Bureau of Foreign and Domestic Commerce of the Department of Commerce. That Bureau is, in my judgment, capable of indefinite enlargement. Its appropriations have been inadequate. It has the powers of a Tariff Board but no appropriations to give these powers effect. I count upon the Bureau of Foreign and Domestic Commerce to make such definite returns to American business as to encourage very much larger appropriations in the future.

The Department of Commerce as a whole is a scientific adjunct to business; only in a limited degree has it yet proved a promotive force. The scientific elements must be made even more effective than in the past. The promotive features deserve the earnest consideration of the administration, of Congress and of the business forces of the country.

### Adjuncts of Business.

Let me point to the Bureau of Standards as one of the scientific adjuncts of business. It touches the affairs of the Nation in very practical ways. Proof of this is in the morning mail of the Bureau; manufacturing concerns, business houses, inventors, exporters, all look to it for scientific aid. Its researches are extraordinary in their scope and in their thoroughness. They touch the realms of physics, chemistry, engineering, and its efforts are directed towards setting forth the truth of research in such a way as to aid in practical application to the increasingly complicated manufacturing field of today.

The Bureaus of Navigation, Light Houses, and Steamboat Inspection all need no recommendation to show their close relation to national and international commerce. The Coast and Geodetic Survey is related to all of these. It is altogether scientific in its researches and should never be influenced by political changes.

The Steamboat Inspection Bureau I expect to see aided in every way toward conserving human life. In considering its scope in the past three weeks, I have been convinced that while every interest involved in steamboat inspection must have due and just consideration, yet after all, the life of the smallest child and the safety of the humblest workman is more important than the profits of the largest transportation interest.

The Bureau of Fisheries will, I expect, be prompted to study more closely in the future, the effective production of food fishes as distinct from game or sport fishes. In common with others, I like good sport but I think the supreme duty of this Bureau is to aid in reducing the high cost of living by attending chiefly to the problems of cheap food supply as affected by the development of coast and inland fisheries.

### Research on Business Organization.

I look with great interest upon the work of the Bureau of Corporations and hope to see its line of research enlarged in the immediate future in a direction that must interest all business America. I want it to take up an inquiry regarding the actual economic efficiency of the trust form of organization. By thorough research I hope the Bureau of Corporations will be able to show whether this trust form of organization carries with it seeds of its own decay, or whether it is one step in the evolution toward a different business form and is thus in either event only a passing phase in the economic history of America.

The Census Bureau has its duties so definitely laid down by legislation that it is not practicable to speak of it at present save as having possibilities of further business stimulation than it now uses. At the present moment it is at the lowest point of its decennial labors. Its researches, however, are essential to a full understanding of conditions at home and I commend to the business men of America an earnest study of the Bureau and its labors to the end that we may receive suggestions as to changes in its lines of research that can be made to prove of value to our country.

### Foreign Trade Must be Developed.

The most emphatic conviction with which I have taken up the duties of Secretary of Commerce pertains to our foreign trade. Foreign trade is an absolute necessity in keeping our factories open and active. The rapidity of our manufacturing development which, as The Nation's Business has said, "is increasing in a ratio vastly greater than that of population," means that saturation of the American market is already here in some directions and will promptly arrive in many other directions. It is most gratifying to see that foreign trade is rapidly increasing year by year. The energies of the Department of Commerce must be directed toward stimulating those increases and thus rendering an enduring service to American business. I look to see the scope of the Department enlarged as rapidly as added appropriations will permit.

I wish to say to the business men of America through the columns of The Nation's Business that I have inherited the care of a highly organized department that reflects credit upon the vision and efforts of my predecessors in the secretaryship, Messrs. Cortelyou, Metcalf, Straus, and Nagel.

Within three weeks after assuming the duties that these gentlemen performed in the past, it would be inappropriate for me to speak definitely as to the future of a Department whose duties are already so scientifically elaborated. In the statement which I have made, I am simply expressing hopes of changes that can be brought to pass and thus add to the efficiency of the Department. In this work I count upon the business men of America to "counsel and sustain me," as President Wilson said in closing his inaugural address.

## THE FLOODS

Ohio, Indiana, Pennsylvania and West Virginia, smitten by floods of tremendous volume have received the sympathy of the world.

The progress of flood water towards the Gulf leads us to expect a recurrence of the disaster of 1912, in the lower Mississippi Valley.

This wide-spread disaster has emphasized in every thinking mind the question of whether human ingenuity can be brought to bear upon the prevention of floods:

- 1st. By conserving forests.
- 2nd. By plowing in a manner to hold rain-fall.
- 3rd. By temporary storage of floodwater.
- 4th. By deepening and straightening river-beds.
- 5th. By building levee systems more permanent than those already in existence.

The whole question will be discussed in Congress and elsewhere relative to the place for co-operation between those at interest in locality, State and National Governments.

Those who have suffered and died call for the labors of those who survive, in order that a common ground of purposeful endeavor may be found, and plans made to divest any future outburst of Nature of its terrors.

Secretary Lane will recommend to President Wilson and, through him, to Congress that control of flood waters be dealt with in a comprehensive way by the National Government.

"In handling the situation in the United States," said Secretary Lane, "I believe we well might get the benefit of the experience of men of other countries who have dealt largely and competently with similar projects. I shall urge upon the President a recommendation for the enactment by Congress of the Newlands bill, or some similar measure, making provision for drainage, reforestation, reclamation, power and irrigation projects on a comprehensive scale."

### FOREIGN TARIFF INFORMATION.

Inquiries are often addressed to American consular officers in foreign countries, as well as to commercial agencies, information bureaus, and foreign consulates in the United States relative to the customs duties and regulations of foreign countries.

Replies to inquiries addressed to United States consular officers can be expected only after the lapse of considerable time.

In many cases commercial agencies and information bureaus obtain their tariff information either from the publications of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, or by special enquiries addressed to that Bureau.

It is therefore evident that direct inquiries concerning tariff information addressed to the Bureau of Foreign and Domestic Commerce should be preferred by American exporters on account of promptness of service as well as accuracy of information.

The tariff work of the Bureau of Foreign and Domestic Commerce is not rigidly restricted to customs duties and customs regulations. The Division of Foreign Tariffs of the Bureau gives attention also to closely allied subjects affecting our foreign commerce, such as the internal revenue laws of foreign countries, the regulations for commercial travelers soliciting business abroad, and the requirements of foreign countries for consular invoices, merchandise-marks, standards of purity, and the like. The United States diplomatic and consular officers report on these subjects, and translators and other assistants in the Bureau of Foreign and Domestic Commerce examine carefully the official publications of the foreign Governments in order that all information regarding foreign tariffs and these allied subjects may be kept up-to-date.

### OUR STRATEGIC AREA.

Beyond all dispute the north coast of South America, the West Indian Islands and the countries touching the Caribbean Sea and the Gulf of Mexico, are in the strategic area of the United States. They represent consumers and producers within the shortest sailing distance from our great ports.

Beyond all dispute the west coast of South America will fall in the same strategic area the moment the Panama Canal is opened to traffic.

Strategy in war consists in taking advantage of location, in order that location plus the available force may defeat the opponent.

The bloodless struggles of peace call for precisely the same strategy. We have the advantage of location. We have the available force.

The United States imports more from South America than it exports. In the words of Hon. John Barrett "Make ready for the Panama Canal."

### VOCATIONAL EDUCATION.

Only three countries in the world, China, with a population of 350,000,000, India with 295,000,000, and Russia with 140,000,000, have a greater population than the United States. The last estimate of the Treasury places the population of the United States at 96,000,000.

This great nation has grown up within two lifetimes. There is a man living in Washington, D. C. at the present time, ninety-eight years of age, whose father fought at the battle of Bunker Hill. That battle preceded the existence of America as a nation. Henry Gassaway Davis when a tiny child was present at the laying of the first tie of the Baltimore and Ohio Railroad. The chief participant in the actual laying was Charles Carroll, of Carrollton, who had signed the Declaration of Independence. Here are two instances in which two lives have covered the history of our nation.

Our growth has been due to matchless resources, stored by nature in the American continent, and awaiting the power of man for their transformation into results. The greatness of America therefore is accounted for by the accidents of location and opportunity. We can not claim that the results so far secured in the expansion of business have been due in any large measure to scientific or thorough use of resources and opportunities. The twentieth century has brought us face to face with the fact that many of our resources are in danger of exhaustion, therefore, the thought of today is strongly directed not merely towards efficiency in securing raw resources from the soil, but also efficiency in manufacturing and in marketing both at home and abroad. It is this effort towards efficiency that accounts for the rapid manufacturing development of the past few years and the increasing export trade. The maintenance of such efficiency is to be secured only by recruiting from the younger elements, those who are prepared for the life work. This gives the reason for the present wide-spread and persistent agitation in favor of vocational education. We can no longer depend upon the mere accident of immigration, or of resources easily utilized. The leadership which the United States should expect among the nations of the earth because of its natural advantages is to depend not upon accident but upon intention. The aim of education must be to prepare each child for self-support and thus make every school of the nation a place for life preparation. This is the idea underlying the Page Bill relative to federal attention to practical education of children, and it is also the underlying idea of every vocational attempt that is being made throughout the country.

### EUROPEAN RURAL CREDIT.

On the 26th of April the American Commission, organized by the Southern Commercial Congress and consisting of more than one hundred men and women, will sail for Italy from New York to study in Europe the methods of progressive agricultural communities. The researches of this important group will be along the lines of production, marketing, and financing.

This Commission differs in many ways from any form of research hitherto undertaken relative to Europe. In the first place, the expenses of the individuals are being borne by themselves or by state organizations. In the second place, there is a member, and in some cases there are two or three members, from each state of the Union.

Although organized unofficially, the European Commission carries with it the commendation of all of the great political parties, of the Senate, of the House of Representatives, of President Wilson, and of former Presidents Taft, and Roosevelt. At the last moment before the adjournment of the Sixty second Congress, twenty-five thousand dollars was appropriated for clerical and research expenses incurred by seven members of the Commission to be appointed without salary by the President. This renders it certain that the results of the research can be printed and distributed promptly on the return of the Commission.

The credit for bringing the Commission together rests entirely upon the courage and determination of the officers of the Southern Commercial Congress who, after a study of the subject of European systems of co-operative rural credit last April in Nashville, decided that the quickest understanding of this great subject could be secured by a Commission made up of one or more representatives from each state of the Union. While the original intention was to study financial methods alone, the realization that European countries produce a better average per acre than our own country led to a decision to investigate production methods. Then also as co-operative systems of marketing have conferred great benefits upon European agriculture—Denmark representing one of the most progressive forms, it has decided to consider marketing; since production and marketing are closely related to financing.

Every newspaper in America will render great local service by following closely every detail of this unusual undertaking and making its progress known.

### RURAL FINANCE.

Those who are students of Rural Finance, and following the research at present being made relative to the Co-operative Rural Credit Systems of Europe, should secure Senate Doc. No. 1006 of the 62nd Congress. It sets forth in detail "A plan for the organization of a Rural Banking System in the State of Virginia, by Charles Hall Davis, attorney-at-law, Petersburg, Va." This plan first appeared in print in The Nation's Business of December 16th, 1912.

### PHYSICAL VALUATION OF RAILROADS.

Within the next sixty days the interstate commerce commission will undertake the biggest task that has ever been put up to it. No other Governmental agency in this or any other country has ever essayed such work. In magnitude, and perhaps in importance, it will compare with the construction of the Panama Canal. It will require as much time as is being taken in the digging of the canal, and when completed its effect upon transportation problems may be quite as decided as that of the opening of the waterway from the Atlantic to the Pacific. The job is nothing less than to make a complete valuation of all the railroads of the United States. It was provided for in the LaFollette bill, which was passed in the session of Congress just completed.

Several years will be required for the completion of this task and it will cost the Government several millions of dollars. A big staff of workers, including expert engineers, economists, statisticians and writers must be gathered together, and in addition hundreds of field workers, clerks, etc., will be needed. When in full headway it is expected that the organization will rank with one of the biggest bureaus of the Government.—Southern Lumberman.

### Commission not Staggered.

The work is one of great magnitude, but the Commission is not, as has been suggested, staggered or dazed by the duties that have been placed upon it. The work will be approached and proceeded with in a business-like, impartial and thorough way.

It is desirable that it should be done with as much despatch as is consistent with accuracy and thoroughness. Necessarily it will take sometime. Just how long no one knows. The amount of available funds, the number of available, competent men and the time necessarily spent in securing reliable information as to financial matters in the past, which must be traced back through changes in ownership, reorganizations, consolidations, sales and leases, all bear directly upon the question of how soon the work can be completed. There need be, I think, no apprehension that the Congress will fail to provide all necessary funds. That the Congress does not underestimate the magnitude of the work or the time necessary for it is evidenced by the provision for reports to the Congress at the opening of each regular session thereof.—Interview with Chairman Clark, I. C. C.

### National Valuation Convention.

H. Bortin, in Railway Age Gazette of April 11th, urges a National Valuation Convention. He points out that, as the co-operation of all railroads with the I. C. C. is necessary, there is need for a uniform definition and interpretation of such terms as the following:

Cost of reproduction, new	Going value.
Cost of reproduction less depreciation	Development cost.
Present value	Deficit below a fair return.
Original cost	Interest during construction.
Actual cost	Engineering.
Original cost plus additions and betterments	Contingencies.
Commercial valuation.	Franchise value.
Intangible items.	Working capital.
Non-physical items.	Unearned increment.
Physical items.	
Adaption, solidification and seasoning.	

He suggests that the Convention be constituted somewhat as follows:

1. Valuation engineer from each railroad system in the country.
2. The valuation committee of the American Society of Civil Engineers.
3. A valuation committee from the American Railway Association.
4. A valuation committee from the American Railway Engineering Association.
5. A valuation committee from the National Association of Railway Commissioners.
6. A valuation committee from the Interstate Commerce Commission.
7. Those private consulting engineers of the country who have been engaged in the valuation of public utilities.

### THE PACIFIC FIELD FOR AMERICAN GOODS.

Two billion dollars' worth of merchandise is now being imported annually into the ports fronting upon the Pacific Ocean. About ten per cent of this is drawn from the United States, twenty-five per cent from the United Kingdom, eight per cent from Germany, and seven per cent from other European countries, the remaining fifty per cent being drawn from areas adjacent to the importing port or country.

The chief importing countries fronting upon the Pacific, taking them in the order of magnitude of their imports in the latest available years are: Australia, with imports of 326 million dollars; China, 314 million; Japan, 255 million; Straits Settlements, 226 million; Hongkong, estimated at 180 million; Dutch East Indies, 127 million; Chile, 127 million; New Zealand, 95 million; Philippines, 55 million; French Indo China, 37 million; Siam, 27 million; Peru, 24 million; Bolivia, 23 million; Korea, 20 million; and Ecuador, 8 million dollars; while to this may properly be added the imports of the Pacific coast of Central America and Mexico, approximately 10 million dollars; the Pacific coast of Colombia, 5 million dollars; the Pacific coast of Canada, 20 million, and our own Pacific coast ports 125 million dollars. This gives a grand total of practically 2 billion dollars' worth of merchandise per annum entering the ports fronting upon the Pacific.

The total exports of the countries in question are about equal to the imports, approximating 2 billion dollars annually; but the share thereof sent to the United States is about fifteen per cent, as against ten per cent of their imports drawn from the United States.

From tables prepared for the Statistical Abstract of the United States by the Statistical Division of the Bureau of Foreign and Domestic Commerce.

### SAFETY FIRST.

The campaign for "Safety First" in industrial plants has received great impetus from researches made by the United States Steel Corporation.

In October, 1910, Bulletin No. 1 of the Committee of Safety of the United States Steel Corporation and subsidiary companies was issued. This set forth by photography and drawings approved safety devices for all plants.

In July 1911, Bulletin No. 2 was issued. This carried the work of the Committee of Safety into more elaborate detail.

In August, 1912, Bulletin No. 3 showed the Committee of Safety had grown into the Bureau of Safety Relief, Sanitation and Welfare.

A corporation planning welfare work of any kind should add Bulletin No. 3 to its library. The showing is remarkable. The fatal accidents in 1911, were 27.27% less than in 1910 in the plants of the corporation.

### THE WORLD'S PER CAPITA IN CURRENCY.

The following figures as of December 30, 1911, indicate that whatever financial difficulties the United States may have experienced in the past, these are not due to any shortage in the per capita distribution of money.

Country	Population	Currency Per Capita
United States	94,800,000	\$34.81
Austria-Hungary	49,400,000	13.70
Belgium	7,300,000	25.56
British Empire		
Australia	4,400,000	52.81
Canada	6,200,000	36.29
United Kingdom	45,000,000	20.95
India	295,000,000	.78
South Africa	7,800,000	10.94
Straits Settlements	1,600,000	20.81
Bulgaria	4,000,000	5.60
Cuba	2,100,000	22.38
Denmark	2,700,000	23.52
Egypt	11,500,000	18.01
Finland	2,900,000	8.96
France	39,500,000	47.25
Germany	64,900,000	11.30
Greece	2,600,000	13.46
Haiti	1,500,000	9.40
Italy	33,900,000	14.60
Japan	52,200,000	5.55
Mexico	15,000,000	9.22
Netherlands	5,900,000	28.70
Norway	2,400,000	13.83
Portugal	5,400,000	21.76
Roumania	6,800,000	13.01
Russia	160,100,000	6.40
Servia	2,800,000	4.53
Siam	7,000,000	7.77
South American States		
Argentina	7,000,000	135.70
Bolivia	2,300,000	4.56
Brazil	20,500,000	10.70
Chile	3,500,000	8.00
Colombia	4,300,000	2.33
Ecuador	1,500,000	5.60
Guiana		
British	300,000	2.00
Dutch	100,000	8.00
French	100,000	8.00
Paraguay	800,000	72.63
Peru	4,500,000	3.24
Uruguay	1,100,000	25.00
Venezuela	2,600,000	5.65
Spain	19,700,000	27.71
Sweden	5,400,000	12.35
Switzerland	3,300,000	32.45
Turkey	24,000,000	7.03
Central Am. States	5,300,000	18.96

**WISCONSIN'S HEALTH ENDEAVOR.**

The University of Wisconsin has added a new field to its activities, a field that is expected to eradicate preventable disease to the extent that \$50,000,000 a year will be saved to the state. This amount is figured as lost in medical care, wasted earning capacity and loss of life.

The university, through a corps of experts recruited from the profession proposes to do for the Wisconsin family, through its Bureau of Public Health, what the university's college of agriculture has been doing for years for the Badger state farmer, for his live stock, for his crops.

The foundation has been laid, and the appointment of Dr. Dearholt as head of the new bureau completed the preparatory campaign for what the extension division of the university considers its greatest practical problem, the wiping out of ignorance of disease, which is held to be responsible for the preventable diseases in Wisconsin, even as bovine tuberculosis, hog cholera, and glanders are being wiped out among the stock farms of the state, as plant diseases are being fought and eradicated in the fields of the farmers.

**To Do Practical Good.**

Its object is to do practical good to the state by making its population healthy, on the theory that the healthy individual can produce more wealth for the community and himself than the weakling.

The general plan of the work, the theoretical part of the problem, is shown officially in the following statement of the extension division:

"The researches of government bureaus and commissions, of experiment stations and laboratories, of scientific institutions and associations, are too often imbedded in voluminous or technical reports to serve their full measure of usefulness. The results of this achievement and mastery should find an agency and a form for proper dissemination, which retains all the essential facts, but adapts them and makes them available for untechnical and democratic needs.

"Results of inquiry or research relating to food, hygiene, and sanitation, to the discoveries affecting the prevention and cure of disease, to the economic, political, social, and ethical questions, to the problems of general and special education, to the conservation of resources, to agricultural, engineering, manufacturing, and commercial conditions, to recreation and social health, to child labor, to municipal problems, to the abatement of noise, dust, and smoke, to water supplies and garbage disposals, to the aesthetic requirements of life in country and in city, to home furnishing and decoration, to landscape design, to architecture, to music and to art in general—these are among the topics in connection with which this department may render valuable public service."

The new bureau will issue bulletins dealing with the subjects detailed, each subject being handled by an authority in such form that it may be read and fully comprehended without the aid of scientific knowledge.

**RESOURCES OF SOUTHERN STATES.**

An impressive exhibit of the mineral resources of the 16 Southern States seen in a large wall map which has just been specially compiled by the United States Geological Survey. The minerals of the several areas are shown on the map in appropriate colors and tints, some of which are of course superimposed on others.

Coal is the premier mineral resource of the Southern States. The area of the southern coal fields "containing workable coals" is shown as 104,696 square miles and that which "may contain workable coals" as 146,700 square miles additional.

The areal distribution of oil and natural gas as shown is very inconspicuous compared with the great coal areas. The value of the oil and natural gas produced in 1911 was, however, nearly three-fourths that of the coal produced in the South in the same year.

Clay products of the Southern States in 1911 amounted to more than \$29,000,000.

The lead and zinc produced in the Southern States in 1911 was valued at \$16,614,360. The stone was valued at \$14,276,163 and is shown on the map to be well distributed. The production of phosphate is essentially a southern industry and the value of the output in 1911 was \$11,860,811.

Of iron-ore deposits, large areas are indicated. The output from the ten producing Southern States in 1911 was valued at \$7,379,267. An estimate of the available iron-ore reserves in the Southern States by C. Willard Hayes, formerly chief geologist of the United States Geological Survey, places it at 500,000,000 long tons, together with a much larger quantity of low-grade ore. Copper is produced in seven of the Southern States; the value of the 1911 output was \$2,455,363.

This large map shows 22 mineral deposits of the Southern States, of commercial importance.

**EUROPEAN SHIPPING AND THE PANAMA CANAL.**

European shipbuilding concerns are working at high pressure and are likely to continue so for some time to come in view of the possibilities of trade development by the Panama Canal.

A contract for five new steamers was recently placed with Belfast shipbuilders by the Pacific Navigation Company, while the German lines engaged in South American trade are also adding material to their fleets.

The Hamburg-American Line has nineteen large steamers under construction, including three 50,000-ton vessels of the Imperator class. A 19,000-ton vessel is being built at the Vulcan yards for the Panama service, and two 18,000-ton ships for the La Plata service. Other vessels of lesser importance bring the total tonnage building for this company up to 270,000 tons gross.

The North German Lloyd Steamship Company has given orders recently for eleven steamers, totaling nearly 110,000 tons, and others are contemplated. At the beginning of March this company had twelve vessels building, totaling 95,000 tons.

Other lines are adding considerably to their fleets. The Hamburg-South American Line has four steamers under construction with a total tonnage of 66,000, besides those building at the beginning of the year. The German-Australian Company has under construction five steamers of 5,000 tons each, five of 9,000 tons each, and five of 12,000 tons each. Practically all the latter orders have been given to German yards.—(From "Peru Today").

The great German steamship lines are preparing to take advantage of the opening of the Panama canal. A representative of fifteen of these lines recently visited the isthmus and applied to the canal commission for sufficient space to store about 15,000 tons of coal, with arrangements for an increase of that capacity later on.—Ed.

**STATES RIGHTS.**

The Legislature of Arkansas has recently adopted the following resolution:

"That the right and title to the bed, water, waterpower and all rights and privileges, save that of navigation, belonging to or appurtenant to navigable rivers in this State is inherent in and the property of the State of Arkansas, and the State hereby reserves the right to use thereof in every respect, the right of navigation excepted. That engrossed copies of this resolution be sent to each of our Senators and Representatives in Washington, and they are hereby requested to support this right of the State to all reasonable ends in any matter involving such questions that may arise in Congress.

**AMERICAN SHIP-BUILDING.**

Returns received by the Bureau of Navigation of the Department of Commerce indicate that the current fiscal year will show an output of American shipyards greater than for any of the past four years, and as the spring and early summer are generally the season of greatest progress, the output for the year will probably reach 400,000 tons. Steel steamers built aggregate 151,507 tons, compared with 75,507 tons for the corresponding 9 months a year ago.

**DISTRICT OF COLUMBIA TAXATION.**

The Secretary of State was directed in February last by resolution of the Senate to ascertain the systems of taxing Government property in the several capitals of the leading countries of the world.

The report is to be made at the earliest practicable day and is expected to be referred to in any later discussions that may arise relative to the half-and-half principle of taxation applied in Washington.

Regarding this investigation the Washington Star said in part:

"Yet when these figures have been collated and the time has come for their consideration it will be necessary to bear in mind the fact that Washington is in a class by itself as regards its character as a capital city. It is the only federal capital in existence that was built to order, the only seat of government—outside of that of Australia, which is still in process of construction—which was planned on a national scale while still in the form of fields and forests. It would be manifestly unfair to the District, whatever the figures may show as to taxation methods in support of foreign capitals, to attempt to readjust the local taxation system in accordance with the principles in vogue in those cities. Every one of the capitals of Europe is a great metropolis, a city that has a large industrial, commercial life wholly distinct from its character as a seat of government. Every one of them could survive thrivingly upon its present scale were the capital removed to another situation.

Washington alone of the world's capitals was framed in prospect upon a great national scale, and it alone of all the government centers has been hedged about with restrictions designed to preserve its peculiar character as an administrative city."

**EFFECTIVE CENSUS PUBLICATION.**

Director of the Census E. Dana Durand has, in the new method of printing and distributing the abstract of the Census of 1910, conferred an enduring benefit upon his successors.

Briefly stated the plan has been to add a supplement to the abstract and distribute both within the limits of the State thus included. This simple change means an immense saving in the printed matter. The plan is working admirably.

Concerning this method, the Director of the Census wrote as follows in his annual report just issued:

"The complete reports of each census are published in large quarto volumes containing a large number of details regarding the counties, cities, villages, and other minor civil subdivisions of the country, together with highly elaborate analyses of the statistics for each State as a whole and for each large city. These volumes, on account of their great bulk, can not be issued in large editions, and, moreover, very few persons have any occasion to refer to the larger part of the contents of the reports. The business man, the farmer, even the professional statistician, ordinarily desire a more condensed report summarizing the census results; or if they wish local details they usually desire them only for their own communities or immediately neighboring communities. Consequently an Abstract of the Census, which summarizes the statistics, is by all odds the most useful census publication. Consequently also it is desirable that a useful method of publishing the local details should be adopted which will enable any person to obtain conveniently the statistics for his own locality and neighboring localities without thrusting upon him a mass of similar details for localities in which he has no interest."

**CONSERVATION DEFINED.**

Following a meeting of the executive committee of the National Conservation Congress in Washington, during March, Charles Lathrop Pack of Lakewood, N. J., president of the congress, gave out a statement outlining the policy of the congress. The statement is declared to be the result of numerous conferences and as sounding the keynote of this year's congress.

"Conservation must convey no suggestion of retarding honest development on fair terms," said President Pack. "Conservation does not mean reservation. It means the best use of our resources, with a fair regard to the present and the future. It means, to my mind, production, prosperity and progress." Mr. Pack said he was moved to make these statements by the misleading reports he had heard recently as to the alleged purposes and aims of the Conservation Congress.

"Conservation is in danger of getting in bad," he continued, "if the erroneous impression should gain ground that the conservation congress stands for that which means the closing of any avenue for the honest development of the natural resources of the country. False conservation that amounts only to reservation and disuse is in danger of doing greater harm to the present occupants of this fair land of ours than it will do good to those who will occupy it after we are gone.

"Conservation must mean best use and development, but only on fair terms, if we are to progress. Rational conservation as an economic question, which means the fullest development and fair use of the natural resources in such manner as to give the people of today their chance and posterity its chance on equitable terms, will, I believe, be the keynote of this year's Conservation Congress. On that basis we expect to get together and go ahead on some practical plan for the constructive conservation of our forests, waters and lands. We hope to be of some practical aid in solving these difficult problems."

**ILLITERACY AND THE COUNTRY SCHOOL.**

Not immigration, but the lack of educational opportunities in rural districts, is chiefly responsible for the relatively high rate of illiteracy in the United States, according to a bulletin by A. C. Monahan, of the Bureau of Education. The rate of rural illiteracy is twice the urban rate, despite the fact that approximately three-fourths of the immigrants are in the cities. Still more significant is a comparison between children born in this country of foreign parents with those born of native parents. The illiteracy among native-born children of native parentage is more than three times as great as among native children of foreign parentage," says Mr. Monahan, "largely on account of the lack of opportunities for education in rural America."

The bulletin is of special value at this time because it is a brief, clear, non-sensational statement of the rural-school problem. It does not attempt to gloss over unpleasant facts. It gives full recognition to the positive advance that has been made in many rural districts, and to improvements now under way, but in general finds conditions far from satisfactory. Among other things, Mr. Monahan finds 226,000 one-teacher school-houses in the United States.

**FARM TENANT PERIL.**

W. J. Kennedy, Director of the State College Extension Department at Ames, Iowa, has recently made a number of very strong statements relative to the farm tenant peril. One of these is that farm tenancy is "a greater menace to the country than war, famine, and pestilence combined." The present method of one-year leases, he holds, is causing a great annual loss to the natural resources of this country. Not only does the tenant rob the soil by trying to get all he can out of it without regard to the future, but his temporary and uncertain tenure affects community life. Good rural schools, good country churches and good roads are hard to get and keep, he says, when so many of the residents feel that their stay in the neighborhood may be short and take no interest in public affairs.

"The one-year tenure problem is one of the greatest ones that confront Iowa," Mr. Kennedy continues. "In 1880, 23.8 per cent of the farms of Iowa were held by tenant farmers. In 1890 the per cent had risen to 28.1 and in 1900 to 37.8. Seven of the counties of Iowa, all in the northwest, have more than 50 per cent of their farms tenanted."

"The average tenant farmer labors under seven handicaps, which seriously reduce his efficiency as a producer. He lacks a comfortable home for his family; he lacks sufficient live stock; his buildings are not adequate; he has not the machinery to till the farm properly; his fences are inadequate, he lacks capital, and his credit is short of his actual needs. The consequence is that instead of farming he mines the soil."

**A Remedy Suggested.**

To remedy these ills, Mr. Kennedy suggests long-term leases with renewal options; rentals on cash basis, and a credit system like that found in Europe, whereby a farmer may borrow at rates of interest as low as the landowner can, and government aid to enable the tenant to buy land on long-term contracts at low rates of interest.

"England and Scotland," says the Ames man, "have the best land tenure systems in the world. There the tenant may obtain leases that run ten to thirty years. The land is farmed in many cases by tenants who have, as a family, held the land through several generations. These tenants are as anxious to keep up the fertility of the land as the landowners; they are a part of the community in which they live."

**FRAUDULENT ADVERTISING.**

Laws defining deliberate false statements in advertising as misdemeanors have been enacted and become law since January in Pennsylvania; (March), Ohio; (February), Minnesota; (March), South Dakota (effective July 1st).

Members of local and national advertising clubs are co-operating to bring fraudulent advertising to an end.

The Vigilance Committee of the Minneapolis Advertising Forum, which is affiliated with the Civic and Commerce Association of the same city, is taking steps to prevent the Minnesota law from becoming a dead letter. The Forum has sent out a circular, enclosing a card on which the law is printed, and stating:

"We are now scrutinizing advertisements circulated in this State since March 11th and are prepared to bring evidence of violation of this law to the proper authorities for punishment and the attendant publicity."

"We are doing this because we believe that violations of this law undermine confidence in all advertising and directly affect the returns from the expenditures of all honest advertisers."

This card and letter have been mailed to all advertisers in Minneapolis and to a number of other advertisers throughout

**BRITISH TRADE DISPLAY.**

A skilful endeavor to arouse manufacturers of the United Kingdom to the competition of other countries has been going forward for some months.

It consists in displaying collections of samples of hardware, hollow-ware and tools of foreign manufacture which compete on a large scale in the self-governing dominions of the British Empire, with similar goods from the United Kingdom.

A collection of this kind made by the Trade Commission for South Africa, has already been exhibited in various commercial and industrial centers and has attracted considerable interest. A similar collection has now been received from New Zealand and is being exhibited by the Birmingham and Sheffield Chambers of Commerce. The exhibits at Birmingham include such articles as household hardware, locks, lamps, etc.; and those at Sheffield, cutlery, tools, and implements of various kinds. They will subsequently be exhibited in London.

An elaborate statement of the Birmingham Exhibit appeared in number 1 of the Nation's Business. The entire article, compiled from official sources, showed that America was competing very successfully in the lines included in the general exhibit.

# BANKING AND CURRENCY REFORM

HON. CARTER GLASS  
:: OF VIRGINIA ::

*The following speech, delivered by Hon. Carter Glass, Chairman of Sub-Committee of the House Committee on Banking and Currency, before the first annual meeting of the Chamber of Commerce of the United States of America, has not hitherto been made public.*

*In view of the important relation Mr. Glass has already held to research on Banking and Currency, and in view of his expected increasing influence in that direction, each opinion held by him becomes of vital significance to the business forces of the nation. The speech is therefore included in full in order that every sentence of it may be studied.*

The subject of banking and currency reform is urgent, the time ripe for action, and postponement can result only in embarrassment, perhaps in actual disaster. Upon the business and commercial men of the country rests a large part of the responsibility for action or inactivity. The bankers have spoken. They have repeatedly urged action by Congress and have outlined the reforms which in their judgment are needed. These expressions have not always been consistent or single-minded; but taken in the aggregate they are a strong and clear call to action. Yet nothing has been done. This failure I ascribe largely to the indifference of the business public which has stood idle in the presence of an emergency and has failed to make its wishes plain. I speak frankly, for I esteem it my duty to tell you that if you do not act promptly to secure remedial action, it may be in vain to endeavor anything for some time to come. It is always difficult to get careful consideration of a great economic subject within the short two years life of a Congress. But today we are starting early with our work. A special session will be summoned early in the new administration and all branches of the Government will be securely within the grasp of one party. Shall the opportunity be improved or shall it again lapse for an indefinite period? It is largely for you to say. Congress can respond and can perform, but it cannot originate. It cannot and should not create or try to create demand. Its members may perceive public necessities, but they must wait for the call to action and they must have the support which that call implies and promises.

#### Co-operative Effort.

It is often said that the difficulty in obtaining banking and currency reform lies in the complex nature of the subject. I do not think this is altogether so. No economic problem has been more carefully canvassed by economists than that of money and banking. On none is there a better range of authoritative works and in no branch of business life can abler technical experts be found. There is a substantial agreement as to the remedies required for present evils. The trouble does not lie in the obscurity and complexity of the subject but in the conflict of interests it involves and the unwillingness of those who profit by present conditions to yield anything when a remedy involving some sacrifice on their part is proposed. Banking reform is thus a question of co-operative effort by business men and of the application of a public opinion that will suffice to overcome inertia and selfishness.

#### Four Necessary Changes.

I believe that nearly all students of this subject will agree with me in thinking that the main points to be dealt with in any banking legislation that may be attempted are:

1. Provision for rediscounts or sale of commercial paper in a way and to an extent that will enable banks to get fluid resources whenever they or their customers may require.
2. The issue of a sound, safe and elastic paper currency, ultimately taking the place of the present bond-secured bank-notes.
3. Arrangements for depositing with the banks of the country the current funds of the Government.
4. More stringent oversight and inspection of national banks.

Abstractly speaking, I do not think there is anyone who would quarrel with the banking reform program thus outlined. It is only when the question of remedies is proposed that each comes forward with his own favorite plan of relief and insists upon its acceptance by those charged with the responsibility for action. In the brief remarks I am to make this evening I shall make no effort to deal with the various banking remedies that are now in the forefront of public discussion, but shall confine myself to a diagnosis of the disease and analysis of the danger by which the patient is confronted. You may form your own opinion as to the desirability of remedial measures or the wisdom of leaving nature to work out her own remedies.

Without going into the theory of the problem in detail, it may be said that the question of getting relief for banks which find themselves embarrassed or unable to extend further accommodation is essentially that of combining their reserves or pooling their resources in such a way as to promote confidence, economize cash funds, and present a united front to the outside world. There are various ways of accomplishing this end. The great central banks of Europe reach it in their own way, the Canadian banks in still another, and our own clearing houses have attained it when necessity demanded, in still another way. The line along which work must proceed is that of uniting the existing institutions in such a way as to gain the advantage of joint strength while preserving the independence and unity of each institution. It is needful first to overcome the undue diffusion of the reserve system and to substitute something more harmonious.

#### Defective Reserve System.

Perhaps the most serious evils in the banking system of the United States grow out of the defective reserve provision of the National Bank Act. As you are aware, the act in question requires country banks to keep not less than 15 per cent of their outstanding liabilities which in practice means 15 per cent of their deposits, as a reserve, but permits them to deposit three-fifths of this amount with other national banks in a designated number of cities known as reserve cities. The national banks in these cities are technically required to keep "on hand" 25 per cent of their outstanding demand liabilities, but of this they may re-deposit 12½ per cent or one-half of all with banks in the three central cities, New York, Chicago and St. Louis. This means that in practice a bank outside of reserve cities need

keep actually on hand in its vaults only about 6 per cent of its outstanding deposit liabilities while a bank in a reserve city need keep only 12½ per cent. Only in the three central reserve cities already mentioned must the banks actually keep on hand one-fourth of their outstanding liabilities. So much has been said on the subject of late years that I hardly need to refer at length to the dangers inherent in this plan. The system was established at a time when the concentration of wealth, the speed of transmitting intelligence, and the violence of speculation were vastly less than at present. It was therefore, unnecessary at that time to provide against evils which have since made their appearance. But to-day the situation is greatly altered. Bank reserves drift to New York either being directly redeposited with the institutions of that city or being loaned through brokers and others to persons who use them in Stock Exchange speculation. In either case the effect of the reserve system is to put the funds at the disposal of speculative interests which tie them up in collateral loans. It is a remarkable but undoubted fact that these loans, which in the United States are designated as "call" or short time loans, are in foreign countries regarded as long time loans and in Germany are penalized by exacting a higher rate of interest. You will agree with me therefore that the abolition of the present reserve system and the substitution of something better in its place is highly desirable. It is in fact one of the most fundamental elements in banking and currency reform and must be provided for as a preliminary to any other successful legislation. The fact that the National Monetary Commission made no adequate attempt to correct this reserve situation is more of a tribute to its capacity for estimating political expediency than to its knowledge of the banking necessities of the country. The plan it proposed would not have corrected the evil except perhaps incidentally, and after a long lapse of time when the central reserve association proposed in the Commission's bill had become so strong as of itself to overtop the other banks in the country. It is exceedingly doubtful, however, whether that time would ever have arrived under the conditions laid down in the measure, and if it had not there is no reason to believe that any distinct improvement in the present system would have occurred in so far as relates to reserves. This, therefore, remains as a problem for the practical banking reformer.

#### Anomalous Conditions.

That the transference of reserve funds from the central reserve cities in part to designated reserve agencies whose operations are carefully supervised, or in part to the bank's own vaults, is a desirable element in any banking reform can scarcely be denied. The effect of it would be to build up a strong bulwark upon which to base credit in the several communities, but at the same time it will also destroy much fictitious credit. Many anomalous conditions have developed under the national banking law, but none is more absurdly ridiculous than that which countenances the placing of the bank's "reserve," supposedly kept in its own vaults, in the vaults of another bank which in turn is allowed to transfer it to a third at the same time reporting it as part of its own reserve funds pro rata. The fictitious credit thus erected has been recognized by most thoughtful students of the subject as an element of great danger in the present banking system, and I personally believe that no progress towards a proper husbanding of reserves can be had without distinct measures to correct this artificial and wholly impossible condition. I do not believe that the change I have suggested would act as a cure-all or rectify absolutely the improper uses of bank funds that are now made in central reserve cities. But I do believe that it would go a long way toward improving some of the most injurious conditions that now exist, and I am unable to conceive why a bank should be allowed to count its deposits with another bank as a part of its reserves. Still less can I understand why, when national banknotes are forbidden to be used as an element in reserves, national banks should be permitted to deposit their own notes with other banks, thereby gaining a credit on the books of the latter which is promptly reported as a part of reserve. These are features of the present banking situation which need to be corrected and the sooner a change is made with regard to them the better for all concerned.

#### Bond Secured Currency.

It is customary to devote much attention in schemes of banking legislation to the protection and safeguarding of currency—the second point I mentioned at the outset. Probably too much study relatively speaking has been devoted to this subject as compared with other elements in the problem of legislation. At all events the providing of a sound note issue is one of the requisites of successful banking legislation, and even those who are most extreme in their theories with reference to the relative importance of credit freely concede that a note-issue of the proper kind should be provided for those who still care to use this means of transferring values instead of the check. Certainly no banking legislation that would be at all complete could be put forward with any hope of success, unless it did distinctly make a proper provision for currency. This is conspicuously true, in view of the fact that the present bond-secured currency cannot continue forever on its present basis even if we desired it, unless we were willing to contemplate the permanent establishment of a national debt. We may say that the currency problem presented to the practical legislator contains two elements; first, how to get rid of the existing bond-secured notes; and second, what to put in place of them. It is not necessary for me, before this audience, to go into the reasons which make it imperative to eliminate bond security behind bank notes. It is enough that this necessity is recognized by every one as fundamental. Yet how shall we get rid of the

notes? Merely to take away the requirement that notes shall in future be protected by bonds would not be sufficient, for under those conditions the 2 per cent. bonds now employed as a protection for the notes could not be maintained at par and would probably fall to not more than 75 per cent of their face value. This would be undesirable from the standpoint of public credit but it would also be a serious and in some cases a crushing loss to those banks which had relatively large issues of notes outstanding. For example, the bank of \$50,000 capital with \$50,000 of notes outstanding has today on deposit with the Treasurer of the United States \$50,000 in 2 per cent bonds. For these it may have paid any price from 102 to 105. There are many banks that paid as high as 105. On that basis its \$50,000 of bonds would have cost it \$52,500. Now suppose a shrinkage in the value of its bonds to say 75 per cent. This would mean that they would be worth only \$37,500 or in other words the bank would have lost \$15,000 and its capital would be impaired to that extent. This is not an extreme case but very far from it.

#### Protection for Bonds.

I do not believe that sound thinkers on the currency question would be disposed to deny that in whatever we do we must make provision for protecting these bonds both for the sake of the credit of the Government and also in order to protect the credit of the banks. Both these purposes are fundamentally important. Taken together they constitute an imperative argument. In thus protecting the bonds from depreciation a refunding scheme of some kind must be provided which will permit the exchange of low interest bonds for higher interest bearing securities as fast as they are actually withdrawn. Not only that, but the scheme must be such as not to penalize the actual withdrawal of the outstanding banknotes. These things are both feasible and desirable for the reasons I have stated, and if they entail an additional cost to the Government it is one which must be borne with patience and good humor for the sake of the equities which are involved. The other side of the question to which I have referred — that of providing for the issue of new notes — is simple in theory. Everyone now concedes that notes not protected by bonds should be carefully backed by suitable kinds and amounts of short time commercial paper of the very best varieties. That may be considered axiomatic. The old fear of "asset currency" has disappeared and no other kind of currency than that which grows out of and is based on commercial paper would now be thought of for a moment by any serious student of the subject.

#### Source of Issue.

The question now is not how to protect the currency, but who shall issue it. It used to be argued that these notes should be put out by all banks just as the bond-secured currency is at present, but today there are many who favor the creation of a new class of institutions which alone shall exercise the issue power. Another suggestion is that existing banks be allowed to continue to put out their bond-secured currency while an entirely new issue of asset-secured notes shall be put into circulation by district associations of banks or by reserve banks or by organizations of some other name which represent the co-operative efforts of the present banking concerns. This problem of the issuer of the new notes is still a controverted question, but to my mind a question of detail and one which should not be allowed to interfere with the chances of getting provision made for the new issue of notes on some reasonable terms while the old notes are either entirely withdrawn or at all events rendered purely subsidiary. That such an issue of currency would relieve many institutions of the undue seasonal strain from which they now suffer and would obviate the necessity of their borrowing from other banks when they need circulating notes is clear. The reform is therefore an inevitable element in any scheme of proper legislation.

#### Bank Inspection.

There is another phase of this question to which very little attention has been paid within recent years but which in my judgment is worthy of very much more careful study than it has received. I refer to the proper oversight and inspection of banks. The Comptroller of the Currency has lately testified that present examinations are anything but thorough, and I think that those of us who are familiar with banking conditions in a practical way must recognize that there have been many times in the past when this was far more true than under the present successful and stringent administration of the Comptroller's office. But it is an undoubted fact that with present law as it is, there is little or no possibility of applying the terms of the National Bank Act in such a way as to make them really effective. This is partly because new conditions have grown up of which the framers of the Bank Act knew nothing, and against which therefore they could not provide. But it is also true that a good many of the requirements of the act are non-enforceable. The penalties prescribed are too strong, the conditions outlined too difficult to recognize in exactly the way that was intended by the framers of the act. The administrative features of the National Bank Act therefore require thorough revision. It is an unfortunate circumstance if our national bank oversight be less thorough than that of some of the State banking systems, and such is well understood to be the case. Better book-keeping provisions, more stringent safeguarding of the types of loans allowed to the banks, closer watch upon commercial paper, and many other improvements of detail are absolutely essential if the control of the system from Washington is to be even approximately as effective in the future as it has been in the past. I am glad to say that the present Comptroller of the Currency has worked out such a system of administrative improvement and that in my judgment it should be put into effect with such modifications as further study may render necessary as an integral feature of any banking legislation. It was one of the great demerits of the measure recommended by the National Monetary Commission that it entirely overlooked this phase of the problem, whether intentionally or owing to oversight I am unable to say. As an incident to this reform in administrative methods should go the legal recognition of many of the more stringent requirements for appointing and overseeing the examiners themselves which now rest merely on executive order. I think that something can be done toward improving the conditions under which bank receiverships are now conducted so that if possible the creditors of failed banks may be relieved of some of those losses to which they are now subject in consequence of the protracting of receiverships in order that the incumbents may continue to draw their fees and to profit correspondingly.

#### Government Deposits.

A rectification of Government relation to the banks should also be an indispensable element of any reform measure. At present, as is generally

known, the Treasury Department draws out from the banks vast volumes of legal tender money thereby depriving the commercial world of the basis for its credits in a corresponding degree. At times it pours forth great sums in disbursements, frequently throwing this cash upon the market when it is not needed. And at all times the Government is actively concerned in the effort to deposit such surplus as it may have with banks which can use it best. Unfortunately it is seldom successful in the latter effort, for the influence of political considerations in determining the distribution of the deposits is always very strong. At the close of the administration of President Roosevelt there were more than 1400 depositaries all over the country and in many of them the amount of Government money deposited was equal to the par value of the capital stock of the depositary. Just as these banks were eager to get the deposits so they were eager not to surrender them, and the result was that when Government necessities dictated the advisability of calling for some of the deposits the banks, and particularly the smaller institutions, used every possible effort to avoid having to part with the cash whose equivalent they had used up in local loans often on long time security. Of course this state of things makes it clear that a change in the reserve system whereby there will be an arrangement permitting the current deposit of funds with the banks as they are earned through taxation is fundamentally requisite.

#### Permanent Adjustment Needed.

In what has been said thus far I have spoken as if I thought that such legislation as may be adopted should be shaped with a view to meeting an emergency. Action of that kind would indeed be better than nothing. But in my opinion emergency legislation is never desirable. It is far better to create stable and sound conditions than to count on emergencies or look forward to sudden disaster. This should be the policy with banking reform. It is possible to continue our banking system on its present basis and at the same time to provide it with safety devices that will enable it to overcome such dangers as it may have to meet. But this would be a low type of statesmanship and one which I do not think should be considered. Experience has shown that the national banking system is hardly adequate to commercial needs. Even at its best it works by fits and starts with much friction and creaking of wheels and with an unnecessary waste of fuel. Every autumn many millions of dollars are tied up in transit from the East to the West and back again during what is called the crop-moving season. Our system of scattered reserves, as I have just shown, weak as many of them are, requires an enormous amount of cash. We are as wasteful in our handling of reserve money as we are in our agriculture. The enormous hoards of the Treasury remain idle while other countries with far smaller stocks of money are actually able to help us out in case of necessity because they can control every dollar and make it effective. In many other ways the system needs improving and bringing up-to-date for the promotion of its efficiency and economy of operation. My idea of banking reform would be legislation which would eradicate the weak spots in present methods of banking and would so strengthen the institutions that these bad conditions could not again recur. Surely we must not stop with a mere provision against an emergency.

#### Immediate Action Urged.

It is well worth while in closing for us to consider just how pressing is the nature of the banking problem by which we are confronted. I do not care to be an alarmist or to raise vague thoughts of trouble and disaster in the minds of any members of the community. But as reasonable human beings we must recognize that it is now well toward six years since the panic of 1907. Prior to that date there had been periodical money stringencies many of them resulting in suspensions of payment and the issuance of Clearing House certificates with disastrous consequences to those who were unable to get immediate means of payment. It is not unreasonable therefore, but wholly in accordance with the facts of past experience, to expect a similar difficulty at some time in the future. How soon will it come? I cannot tell nor can anyone, yet there are symptoms that should not go unobserved. We have it on the authority of one of the leading bankers of the West, a man with thousands of country correspondent banks that never before, not even during the panic of 1907, did he experience greater difficulty in meeting the demands upon him than during the past autumn. He was obliged to let his reserves run down, and his experience was that of many other bankers. There is good reason to fear the outcome if present conditions are allowed to drift idly with the stream until they strike a rapid or a whirlpool. However long the recurrence of panic conditions may be deferred, experience shows that they are bound to come and that the postponement cannot after all be very great. Some careful thinkers have predicted a panic within two years. I would not commit myself to that or any other prediction. Yet I have my fears of the outcome if we refrain too long from action. And if we defer action until it is forced upon us by the imminence of panic it is not likely that we shall conduct ourselves wisely or that our decision, whatever it may be, will be as careful or as well thought out as if we had reached it when nothing of immediate danger threatened us.

#### Aldrich-Vreeland Law.

In this connection I think I ought to consider a current assertion which in its way has done much to prevent proper attention to the needs of the currency and banking situation as we know them today. It is commonly said that while we are not as well provided with legislation as we should be, we have on the statute books an enactment, the Aldrich-Vreeland law, which would at least prevent serious disaster. I question this statement most sincerely. Although during the past autumn call money at times reached a level of 20 per cent, there was no resource to the Aldrich-Vreeland act notwithstanding that the National Currency Associations authorized under it had been organized in considerable numbers as a result of pressure from the Secretary of the Treasury. The cost and sacrifice involved in resorting to the Aldrich-Vreeland law was so great that no bank found itself willing to incur the loss involved in taking the necessary steps. Personally I have no doubt that this will continue to be the case in the future. The Aldrich-Vreeland law has been compared to a red hot poker held out to a drowning man. He will not seize it unless there is no other resort and if he does do so the consequences may be very serious for him, even though he escapes with his life. The Aldrich-Vreeland law will expire on the 30th of June, 1914, and in the meantime there is little reason to expect much aid from it should a serious financial difficulty develop. Indeed there is a good deal of ground for thinking that conditions are in some respects worse than they were in 1907. We have cut off, wisely, as I think, the power of using the new issues of bonds as a basis for notes,

while the expansion of the national banking system has absorbed a good many of the bonds that were available to protect circulation. I do not know whether the margin of bonds that could be called into service is greater now than it was in 1907 and I doubt whether anyone could compute it accurately. The quantity of such bonds actually within reach depends upon many factors. But I am perfectly willing to hazard an opinion with the substantial certainty that it will be verified, that fewer bonds are available today for the purpose of a sudden expansion in bank issues than there were in 1907. If this opinion should prove correct, a sudden call for relief would throw us back upon the Aldrich-Vreeland law or a renewed resort to Clearing House certificates while the legality of the latter, always considered doubtful, is by many thought to be even more questionable since the passage of the Aldrich-Vreeland law, inasmuch as that measure was intended to substitute the proposed emergency currency for the kind of relief which had been obtained in former years through the combined action of the banks in issuing the certificates referred to. These may be pessimistic forecasts. I hope they are; but my study of the situation leads me to believe that they are not. Without being in any way an alarmist, I am an earnest believer in the view that banking and commercial conditions in this country demand that we should emerge as quickly as possible from our present unprotected state and should put ourselves in position to meet such dangers as may in the natural course of events develop themselves. In short the situation in a nutshell is this: We have needed aid in the past; we shall certainly need it in the future; and we have now no better resources for meeting an emergency than were furnished in former years, perhaps not even as good ones. The case is one that calls for the urgent consideration of business men who have power to see beyond the ends of their noses.

If they believe that there should be some action for the purpose of correcting the evils I have referred to, they will bestir themselves speedily for the purpose of making their views clearly known. If they are wise they will, moreover, bear in mind that political action under a democratic form of government is necessarily a compromise in which regard must be paid to the general ideas and prejudices of the electorate. Remember this fact, bearing in mind that what they need is not a codification of preconceived theories or the vindication of any given plan or bill, they will support such measures as it may be possible to pass through Congress: provided these measures are essentially sound and well considered they will recognize the necessities of the situation and place the welfare of the country ahead of personal prejudice or of desire to force anyone's favorite measure into form of law.

#### All Interests Consulted.

I may say, gentlemen, in conclusion, that in consideration of proposed legislation by the sub-committee of which I have the honor to be chairman we have tried to deal fairly and openly with every interest involved. We have invited the chosen representatives of all the great national groups of the country, the selected spokesman of the American Bankers' Association, through such men as Mr. Hepburn of New York, and Mr. Festus Wade of St. Louis. We have invited the best informed among the country bankers of America in order that they may make known their peculiar needs and present their views of what should be done in the reformation of our banking and currency laws. We have invited the recognized representatives of organized labor; the representatives of the northern granges and the southern and western farmers' union. We have invited the text-book writers; the currency experts, and the representatives of the merchants, and I will say in passing that one of the most instructive and interesting hearings that we have had before our Committee was the hearing accorded the representatives of the Credit Men's National Association. We want the views of all the interests concerned, and we have undertaken to deal with them, as I have said in a frank and open way. There have been in some quarters a disposition to carp and to criticize the Committee because its Chairman thought he might within the bounds of propriety suggest that the now dominant political party in this country, through its national platform, and in specific terms condemned what is known as the Aldrich plan of currency reform, and that it had condemned a central bank; but that was done not in order to inject politics into the consideration of the currency question, but to deal frankly with those who have come and who shall come before our committee and to let them understand that while there are ethics of honor among business men and pride and honor among the bankers, there is also a sense of obligation and honor among the public men of the country, and that when a deliberate platform declaration is made and men are elected on that platform they are under obligation to themselves, to their party, and to their country to keep pace with those who have elected them upon that platform.

We have placed no restriction whatever upon those who have come to give us their views, but we have frankly said to them that the majority of the members of our Committee feel, in view of the platform declaration, that they are precluded from considering the so-called Aldrich plan or from reporting a central bank plan akin to that of Europe; and, that, therefore we appeal to them to co-operate with us and to aid us in presenting to the Congress of the United States some large and material measure of reform, not exactly in line with those two propositions, but that will relieve the banking community and will relieve the business community of this country from the evils which now best us and may at any moment thrust us into a panic.

## BANKING AND CURRENCY BILLS

The opening days of the 63d Congress have witnessed the introduction of over twenty currency measures. That introduced by Senator Weeks of Massachusetts and Representative Nelson of Wisconsin are here included in brief:

S. 7 Mr. Weeks: To incorporate the National Reserve Association, and for other purposes:

Establishes a National Reserve Association, for term of 50 years, to be organized by a committee consisting of the Secretaries of the Treasury, Agriculture, Commerce, and the Comptroller of the Treasury. The association to have 15 branches established geographically with due regard for the ordinary course of business, each branch to embrace local association of not more than ten banks, with aggregate capital of not more than \$5,000,000. The National Association is to be under the direction of a Governor, named by the President for a term of 10 years, 2 deputy governors, and a secretary and to be governed by a Board of 39 directors, elected by the 15 branches. It shall have a capital stock of at least \$200,000,000 of which \$100,000,000 must be paid in cash. Membership banks, national banks, and trust companies may subscribe to the extent of 20 per cent of their unimpaired capital and surplus. The branch associations shall include the subscribing banks in the territory which they cover and shall be governed by a board of directors.

The National Association shall conduct the entire fiscal business of the government. It may receive for rediscount notes or bills of branch associations, or their direct obligations when properly secured, and do a general banking business, its only depositors,

however, being the Government of the U. S. and the subscribing members of the Association. National banks may loan not more than 30 per cent of time deposits on unencumbered real estate and the association may only hold real estate which comes to it in the ordinary course of business and then not longer than 5 years.

Provides for a gold or bullion reserve for all demand liabilities, including circulating notes, to the extent of 50 per cent of the amount outstanding with a special tax upon the deficiency in same when falling below 50 per cent on a sliding scale increasing in the downward proportion at the rate of 1 1/2% for each 2 1/2% of deficiency, and checking the issue of circulating notes when the reserve falls below 33 1/3 per cent of the amount of those outstanding.

Suspends right of further issue of circulating notes by national banks, said right to vest thereafter in the National Association. Provides for purchases during a period of one year by the National Association of 2% bonds held by subscribing national banks and deposited to secure outstanding notes which when retired by the National Association shall be substituted by their own notes. Provides for circulation by notes to \$900,000,000, and excess of that amount not secured by lawful money or gold coin or bullion shall pay a tax of 1 1/2% per annum, and excess of \$1,200,000,000 not so secured to pay a tax of 5% per annum, any national bank notes then outstanding to be included in computing the foregoing amounts.

Annual dividends not to exceed 4% surplus to contingent fund up to 1% of paid capital; one half additional net earnings to the surplus fund of the association, up to 20% of the paid in capital, one-fourth to the United States as a franchise tax, and one-fourth to shareholders until dividend shall amount to 5% on the capital. Contingent fund to revert to the government on dissolution of association.

The National Association may engage in business abroad or act as fiscal agent for the government in foreign countries. Such business to be by corporation formed of not less than 5 persons and with a minimum capital of \$2,000,000 paid in, the majority of which shall be held by citizens of the United States. Any bank a member of the National Reserve Association may hold stock in such a foreign banking corporation, the directors of which must each own at least 100 shares.

Status: Introduced and referred to S. Com. on Banking and Currency, 4-7-13.

H. R. 2171: Mr. Nelson: For the establishment of a Currency Board in connection with the Treasury Department of the United States and for the incorporation of associations of reserve and discount throughout the United States:

Creates a system composed of a Currency Board and Associations of Reserve and Discount.

The Currency Board, to be connected with the Treasury Department at Washington, would be composed of the Secretary of the Treasury, the Comptroller of the Currency, four members appointed by President for normal terms of 4 years, and a chairman and manager, chosen by the board, to serve for ten years. There would be also an Advisory Board, composed of representatives of the Associations of Reserve and Discount and 10 other persons selected by leading agricultural, industrial, and commercial organizations; this board would meet monthly, review operations of the Currency Board and merely offer suggestions. In cities designated by the Currency Board there would be established district Associations of Reserve and Discount, with capital stock equal to 20% of the capital and surplus of local banks and trust companies which qualify for membership by contributing their quota to the capital stock and by holding as a reserve against bankers' balances 25% in money, balances with the Association, and paper which, as described below, can be discounted with the Association, the proportion of 1/2 money and the balances not to be less than 2-5 of the reserve; against individual deposits a reserve of 15% made up in the same way would be required. The qualifying institutions in an Association are to be divided into 7 groups as equal numerically as possible, and each group is to elect one director in the Association, to serve for one year; the Governor of the State, or the Governors of the several States in the District, if the Association includes more than one State, would select 7 more directors, and these 14 directors would select a 15th director, to serve as chairman and manager, holding office for 5 years. The Directors would select a board to examine the constituent banks, and an executive committee of 3 or 5.

Each Association, a corporation, would act as a reserve and clearing agent for its constituent banks. Its accounts to be subject to check and to be payable in gold or gold certificates; would discount for members, at rates fixed and published from time to time, 4-month paper, and to a limited extent 6-month paper; would make acceptance on 90-day bills of exchange drawn by members to an amount of 80% of the face value of paper deposited as security; and make free collections, through other Associations, throughout the United States, clearing debits and credits with other Associations through the Currency Board. Associations could invest in U. S. bonds, and in other governmental obligations maturing within 1 year; establish agencies abroad; buy and sell for eign commercial paper; and deal in gold coin or bullion. Constituent banks would make complete and frequent reports to their Associations, and the Associations to the Currency Board.

The Currency Board would have power to correct discount rates fixed by Associations, examine their condition, etc., but its chief function would concern the currency. In exchange for lawful money, national bank notes, and rediscounted 60-day paper (the paper presented not to exceed twice the amount of the legal-tender presented) it would issue Treasury notes, in the aggregate never to exceed three times its holdings of gold and gold certificates; these notes would be receivable for all obligations to the Government and for all obligations of the Government except those specifically payable in gold, would be redeemable on demand in gold by the Board or any Association, and would be guaranteed by all Associations.

United States and national bank notes would gradually be retired. U. S. 2% bonds bearing the circulation privilege would be refunded in 3%, 30-year bonds, as the notes were retired, and national banks deprived of power to issue notes would be given authority to lend on real estate 30% of their time deposits, in reserve, etc., complying with the requirements placed on other members of Associations.

With Associations the United States would keep on deposit all funds except trust funds, making all disbursements through the Associations.

Status: Introduced and referred to H. Com. on Banking and Currency, 4-10-13.

The following bills proposed various amendments to the National Bank Act:

S. 132, introduced by Mr. Jones, creates sixteen banking districts with at least one sub-treasury in each; S. 334, introduced by Mr. Hitchcock, establishes twenty-five reserve associations to act as reserve agents for national banks; H. R. 1937, introduced by Mr. Levy provides for the interchange at par of 2% United States bonds and non-interest bearing certificates of deposit issued by the Treasurer of the United States; permits national currency associations to organize clearing house associations; permits national banking associations of capital and surplus of \$5,000,000 to open offices in this country and abroad; it also permits national banks to make loans on real estate.

H. R. 1720, introduced by Mr. Stephens regulates the management of national banks with special bearing upon their relations with clearing house associations. The provisions of this bill are duplicated in H. R. 1757, introduced by Mr. Eynes of South Carolina.

Several bills with varying phraseology propose amendment of the National Bank Act to authorize National Banks to take and hold mortgages, deeds of trust and other conveyances of real estate as security for loans made by said banks.

### Some Important Opinions

"As long as we have the present banking and currency system, we shall have panics—and no longer."  
—Former Secretary of the Treasury, Franklin MacVeagh.

The essential thing required to prevent or allay panics is knowledge that there is central reserve of credit strong enough to provide every solvent bank and business with ample support. Periods of industrial reaction and of speculative collapse are bound to come occasionally in every country. Private credit is strained at such a time, solvency is put to the test, and the unsound concerns are weeded out. It is of supreme importance at such a time that banks and business houses which are really solvent shall not be broken down and destroyed through inability to obtain the ordinary consideration to which their assets entitle them—From article of George E. Roberts, Director U. S. Mint in *Annals of the American Academy of Political and Social Science*.

I believe the ideal system must finally embrace a plan which will

provide for some centralization of power, not a central bank but some centralization of the overseeing power, if you choose to put it that way, through which, by reason of a common ownership, you can get interchange of credit between New York and San Francisco that you cannot possibly get with distinctly different corporations existing over the country and undertaking to serve the same purpose.—From the testimony of George M. Reynolds, President of the Continental Commercial National Bank of Chicago, before the Sub-Committee of the House Committee on Banking and Currency.

The ills in this country's financial affairs are the outcome of a clumsy and outworn banking system rather than of the schemes of men. To eradicate them, we need not piecemeal legislation, but a careful diagnosis of our whole banking system—a study of the successful systems of other countries which are free from periodic panics, and finally, co-operation among all committees in Congress which consider this subject.—From letter of J. P. Morgan and Company to the Pujo Committee.

(Referendum No. 2.) (Continued from page 2.)

manent tariff board or commission. The referendum proposes a permanent tariff commission in the following form:

**Organization of Commission.**

1. That the Commission be composed of experts to be appointed by the President with the advice and consent of the Senate.
2. That in order to make the commission an effective administrative body the number of commissioners should be limited, preferably not more than five.
3. That the term of office of members of the commission should be sufficiently long to give the board stability and permanency, preferably six years, and the terms of members should expire in rotation as in the Interstate Commerce Commission.
4. That a provision should be made for minority representation as in the case of the Interstate Commerce Commission, where not more than three of the five members shall be of one party.

**Powers of Commission.**

1. To gather, investigate, and tabulate technical and statistical facts of all kinds pertinent to the tariff schedules, both in this and other countries.
2. The reports of the commission should be confined to ascertained facts and should exclude recommendations unless called for by the body having power to institute tariff legislation. The information secured by the commission should be available to either house of Congress and to the President.

The business men of the country agree that in response to the pledges given the people, the new administration should revise the tariff without delay, to the end that it may be more equitable. The fact is recognized, however, that consideration of the tariff problem which has concerned the country for so many years has never been based upon scientific business-like ascertaining of facts, and action based upon those facts. It is the belief of businessmen that the errors of the past should not be repeated; that, coincident with the enactment of new tariff laws there should be created a permanent tariff commission, in order that future tariff changes may be based upon knowledge of world conditions as well as domestic demands, and not merely upon a desire for change.

## HISTORY OF ALL TARIFF COMMISSIONS IN THE UNITED STATES

In 1872 a Committee of the Senate reported adversely upon a proposal for a tariff commission. In that year there was a demand for a revision of the tariff and a "horizontal" reduction in duties was made by Congress.

In 1879-80 a bill proposing a Tariff Commission to be made up of persons not members of Congress passed the Senate. President Arthur in his first annual message suggested a commission, adopting the recommendation of his Secretary of Treasury. On May 15, 1882, a bill creating a Commission became law.

**1882 Tariff Commission.**

The Act of 1882 provided a Tariff Commission of nine members nominated from civil life by the President and confirmed by the Senate. While in actual service, the members were to receive ten dollars a day and their necessary expenses. The Act laid upon the Commission the duty:

"to take into consideration and to thoroughly investigate all the various questions relating to the agricultural, mercantile, manufacturing, mining, and industrial interests of the United States, so far as the same may be necessary to the establishment of a judicious tariff or a revision of the existing tariff upon a scale of justice to all."

This Commission, organized on July 6, 1882, and at once set out upon an extensive program of public hearings throughout the country except the far west and parts of the south, coercing no one to appear but listening to volunteers. After hearing over 600 witnesses at sessions in 29 cities, and taking over twenty-six hundred pages of testimony, the Commission, on October 16, began preparation of its report and a draft of a bill, submitting its conclusions and its report to Congress at the beginning of the session in December 1882. Into three and one-half months the Commission had crowded 78 sessions for public hearings. The Committee declared that in using the existing tariff as a basis it had waived all attempt to construct a system upon a logical and scientific basis. It also said that it had constructed the duties recommended upon the theory that the new tariff was to be protective.

The tariff recommended was estimated, by the Commission, to reduce duties on the average by not less than 20% and perhaps by as much as 25%. These figures of average reduction do not mean that all duties were decreased; on some items the duties were increased. This bill was not accepted in toto but became a basis for bills prepared simultaneously.

The tariff bill of 1883 followed the recommendations of the Commission, and adopted some of the proposals for amendment in the administration provisions of the law. A separate measure passed in 1890, before the McKinley law, adopted some of the other proposals; and the Payne-Aldrich Law of 1909 created a Customs Court.

**1888 Customs Commission.**

In 1888 Senator Plumb of Kansas introduced a bill to create a Customs Commission. Senator Plumb's bill proposed a Commission which would be part of the Treasury Department, and would have five commissioners appointed by the President and confirmed by the Senate, in rotating terms of 6 years, not more than 3 to be of the same political party, none to be an importer, manufacturer or the like, and to receive \$7,500 a year each as salary.

The duties of the Commission were to be to maintain central offices at Washington and to be ready at all times to receive testimony concerning the provisions of the existing tariff. Furthermore the Commission was to ascertain

the average price on commodities imported, at wholesale and retail, at home and abroad, for 6 months preceding and following any change in a tariff rate; these prices were to be ascertained for at least the past 24 years; quantities and values of imports for 6 months preceding and following changes in tariff rates; quantities and values of similar materials produced in the United States during the same period; instances in which the duties caused increase or decrease of domestic production; effect of duties on prices of agricultural products, etc.; comparative growth of manufactures during the past 24 years in England, France, Germany, United States, etc.

This Commission would not have had power to compel attendance of witnesses, disclosure of books, etc., but was expressly authorized to "invite" witnesses. Finally, the Commission was to report to Congress annually in December upon the whole field covered by its functions.

On January 22, 1889, Senator Allison accepted the Plumb bill as an amendment to the Mills Tariff Bill which was then pending in the Senate, and with the Mills Bill the Plumb Bill later passed the Senate, failing, however, in the House where the Democratic Ways and Means Committee and the House maintained that the action of the Senate in substituting a tariff bill of its own for the bill passed by the House was unconstitutional. The Congress already elected was Republican and the new Congress passed the McKinley Bill.

**Recent Proposals for a Tariff Commission.**

On February 24, 1903, in the 57th Congress, a concurrent resolution was offered in the House for a joint committee of the House and the Senate to investigate certain conditions of protection and the tariff.

In the 58th Congress, December 5, 1904, Mr. Spaulding introduced a bill providing specifically for a Tariff Commission.

A bill was introduced likewise in the 59th Congress, in 1907, and in the 60th Congress bills were introduced both in the Senate and House—two in the Senate and four in the House.

In the 61st Congress the first legislative action occurred on these bills; in this Congress four bills were introduced in the Senate and nine bills in the House. The House Committee on Ways and Means held hearings, as a result of which the committee unanimously reported H. R. 32010, introduced by Mr. Payne and endorsed by the National Tariff Commission Association.

The Payne Bill passed the House and passed the Senate in a slightly amended form; the bill was so delayed in the Senate that it reached the House so late that action by the House was readily defeated. Consequently the bill failed of passage.

On April 6, 1911, Senator Iodge introduced in the Senate the Tariff Commis-

sion Bill as it passed the Senate in the 61st Congress. This bill, S. 276, was reported from the Committee on Finance on February 20, 1913, but received no action during the remainder of the Congress.

On March 13, 1913, Mr. Newlands offered in the Senate a resolution which would require the Senate Committee on Finance to report at as early a day as possible "whether it is practicable and advisable" to form a "tariff board."

**The Tariff Board, 1909-1912.**

The Payne Bill, approved August 5, 1909, provided for a system of duties which on April 1, 1910 were to be increased by a duty of 25% ad valorem except upon imports from countries which, the President was satisfied, imposed no discriminatory terms or restrictions upon imports from the United States; this was the so called maximum and minimum tariff. In order to assist the President in satisfying himself that particular countries did not impose on imports from the United States discriminatory restrictions, the Payne Act authorized the President to employ such persons as might be required, and there was an appropriation of \$75,000. The exact wording of the Act was as follows:

"To secure information to assist the President in the discharge of the duties imposed upon him by this section, and the officers of the Government in the administration of the customs laws, the President is hereby authorized to employ such persons as may be required."

In December 1909, the President interpreted the provision in the Payne-Aldrich Bill as giving him power to authorize his appointees, known as the Tariff Board, to advise him generally.

In order that the Board might accomplish the duties proposed, the President asked an appropriation of \$250,000, which Congress gave, in a bill approved June 25, 1910, adding in the enactment an authorization to make investigations

"of the cost of production of commodities, covering cost of material, fabrication, and every other element of such cost of production, as are authorized by said act, and including the employment of such persons as may be required for those purposes; and to enable him to do any and all things in connection therewith authorized by law, two hundred and fifty thousand dollars."

On March 4, 1911, the President had appointed two additional members of Board who were both Democrats; thus, politically the Board had three Republicans and two Democrats. The several reports of the Board, however, were unanimous regardless of political affiliations.

The President enlarged the Board apparently in the belief that he acted in accordance with the sentiment of Congress; for the appropriation of \$250,000 for the fiscal year 1912, beginning July 1, 1911, was made in the alternate, either for the existing Tariff Board or for a permanent Tariff Commission if the latter should be created; moreover the Bill which carried the appropriation required that the Tariff Commission, if created by independent act of Congress, report upon the wool schedule in December, 1911. Since the Bill creating a tariff commission was defeated by a filibuster in the last hours of the 61st Congress, after passing both Houses substantially in the same form, the President enlarged the Board and imposed upon it duties which he said were analogous to the duties of the proposed commission except that the Board had not powers to compel attendance of witnesses, production of books, etc.

On June 7, 1911, after the chairman of the House Committee on Ways and Means had had some ineffective correspondence with the Tariff Board, the House asked the President for the Board's data on the wool schedule.

On August 19, 1911, the President vetoed a bill revising the wool schedule on the ground that legislation should await the report of the Board, which he had directed should be made in December. On August 22, 1911, the President vetoed a bill revising the cotton schedule because he preferred to await the report of the Board and because the bill presented to him was clearly inconsistent, especially in the revision of the chemical schedule which had been attached as an amendment.

On December 20, 1911, the President transmitted the Board's report upon the wool schedule, a document which with its tables and appendices fills two large volumes.

On April 26, 1912, the President transmitted to Congress the Board's report, in two volumes, upon the cotton schedule. This report consisted of a glossary, explaining existing paragraphs in the tariff, a report upon cotton manufactures, including costs of production, etc.

On June 4, 1912, the House Committee on Ways and Means reported to the House the bill revising the cotton schedule which the President had vetoed in 1911; the committee took issue with the Tariff Board, particularly upon the principle of costs of production.

On June 30, 1912, the Tariff Board went out of existence through failure of appropriations. At the time the Board ceased to exist it is said to have completed reports in the nature of glossaries upon the existing tariff for the chemical schedule, the earthenware schedule, the cotton schedule, and the wool schedule; it had completed reports of cost of production upon the cotton schedule, the wool schedule, and the pulp and paper schedule. The Board is said to have partly completed investigations for the iron and steel schedule, the sugar schedule, flax and jute schedule, the silk schedule, and the leather schedule.

Concerning the status of the Tariff Board it is to be remembered that the Board, in its inception and in its enlarged form, was "attached" to the President, and was not an independent body such as proposed in a permanent Tariff Com-

**Tariff Commission Abroad.**

The bodies which in the various countries of Europe have functions resembling the duties of the proposed Tariff Commission for the United States fit into governmental schemes so different from the governmental organization of the United States that it is difficult to make comparisons.

Since nowhere abroad has the subject of tariff been such a matter of controversy as in the United States it perhaps follows logically that none of the European countries appears to have commissions with so broad functions as are contemplated for the proposed Tariff Commission of the United States. On this point Mr. Emery, Chairman of the Tariff Board, said in his speech at Chicago in December, 1910:

"In no country in Europe has the method of investigation of industrial conditions as affected by tariffs included such extended examination of costs of production by trained experts in the Government employ as is contemplated by the Tariff Board."

## A REVIVED DISCRIMINATING CLAUSE

**Section IV. J. Sub-section 1** (The Tariff act of 1913 now before Congress) That a discount of 5 per centum on all duties imposed by this Act shall be allowed on such goods, wares and merchandise as shall be imported in vessels built in the United States, and which shall be wholly the property of a citizen or citizens thereof.

(This re-embodies in tariff legislation the preferential-duty policy of the early years of the United States. It remained in force from 1789 with more or less vigor until 1849.—Ed.)

**THE PAYNE DISCRIMINATING CLAUSE.**

**Section IV. J. Subsection 1.** The Tariff Act of 1913, now before Congress that a discriminating duty of 10 per centum ad valorem, in addition to the duties imposed by law, shall be levied, collected, and paid on all goods, wares, or merchandise which shall be imported in vessels not of the United States, or which being the production or manufacture of any foreign country not contiguous to the United States, shall come into the United States from such contiguous country; but this discriminating duty shall not apply to goods, wares, or merchandise which shall be imported in vessels not of the United States entitled at the time of such importation by treaty or convention or Act of Congress to be entered in the ports of the United States on payment of the same duties as shall then be payable on goods, wares, and merchandise imported in vessels of the United States, nor to such foreign products or manufactures as shall be imported from such contiguous countries in the usual course of strictly retail trade.

(The above sub-section is word for word that which appeared as Section 15 of the Tariff Act, August 5, 1909. Under the Tariff Act of 1909 no enforcement of the above mentioned discriminating duty has taken place at any port of the United States. The statement is made that this exemption is due to the fact that there are treaties with all countries from whom goods are received in vessels not of the United States.)

## INDUSTRIAL RELATIONS.

On August 23, 1912, an Act was passed to create a Commission on Industrial Relations. On December 17, 1912, President Taft sent to the Senate a list of his appointees. They were as follows:

Representing the public:  
Senator George Sutherland of Utah.  
George B. Chandler of Rocky Hill, Connecticut.

Representing the employers:  
Charles S. Barrett of Union City, Georgia.  
Frederick A. Delano, of Chicago.  
Adolph Lewisohn, of New York.  
Ferd. C. Schwedman of St. Louis.

Representing the employees:  
Austin B. Garretson, Order of Railroad Conductors.  
John B. Lennon, Treasurer American Federation of Labor.

James O'Connell, Vice-President American Federation of Labor.

The above names were not confirmed by the Senate. President Wilson has not made other nominations and, as far as can be ascertained, the date for making nominations is quite uncertain.

The final report of the Commission on Industrial Relations must be made not later than August 23, 1915. The important scope of the Commission on Industrial Relations can be understood by considering its duties.

The Commission shall inquire into:

The general condition of labor in the principal industries of the United States, including agriculture, and especially in those which are carried on in corporate forms;  
Existing relations between employers and employees;

The effect of industrial conditions on public welfare and into the rights and powers of the community to deal therewith;

The conditions of sanitation and safety of employees and the provisions for protecting the life, limb and health of the employees;

The growth of associations of employers and of wage earners and the effect of such associations upon the relations between employers and employees;

The extent and results of methods of collective bargaining;

Any methods which have been tried in any State or in foreign countries for maintaining mutually satisfactory relations between employees and employers;

The methods for avoiding or adjusting labor disputes through peaceful and conciliatory mediation and negotiations;

The scope, methods, and resources of existing bureaus of labor and into possible ways of increasing their usefulness;

The question of smuggling or other illegal entry of Asiatics into the United States or its insular possessions, and of the methods by which such Asiatics have gained and are gaining such admission, and shall report to Congress as speedily as possible with such recommendation as said commission may think proper to prevent such smuggling and illegal entry.

The commission shall seek to discover the underlying causes of dissatisfaction in the industrial situation and report its conclusions thereon.

## IMPRESSIVE POSTAL SAVINGS FIGURES.

Between June 30, 1911, and June 30, 1912, postal savings deposits increased from \$667,145 to \$20,237,084. The number of depositors increased from 11,918 to 243,801 and the average principal per depositor increased from \$57 to \$83. By December 1, 1912 there were 12,823 depositories, including 646 branches and stations, with \$28,000,000 standing to the credit of approximately 300,000 depositors. The summary as of June 30, 1912, is of interest.

Number of depositors, 243,801.

Balance to the credit of depositors, \$20,237,084.

Amount at interest in banks, \$18,586,042.32.

Interest paid depositors \$1,470.94.

Amount of deposits surrendered for bonds, \$1,272,240.

The following states have more than ten thousand depositors: New York, Ohio, Illinois, California, Pennsylvania and Massachusetts.

The establishment of postal savings banks was recommended by Mr. Wanamaker in his reports for the years 1889 and 1892, and by Mr. J. A. Gary in 1897. A step in this direction was taken in 1898 when the postal regulations were modified to allow money-orders to be made payable at the office of issue. This was defined by Mr. Emory Smith as "a mild and very convenient adaptation of the European Savings bank system without the payment of interest."

In France, postal savings banks, strictly so called, began only during the year 1881. In 1905 that country had in the postal savings system 12,134,523 depositors, with an aggregate deposit of \$1,106,524,768.

In England the postal savings system was brought into operation in September, 1861. By 1881 the number of depositors was 3,088,000; by 1891 the number had increased to 5,776,000 and in 1905 the depositors numbered 9,963,049. The amount on deposit was \$734,696,806.20. The average amount to the credit of each depositor was about \$75 and there is one depositor for about every four of the population.

## SECRETARIAL TRAINING.

We expect to announce in the next issue of "The Nation's Business" the names of two universities and one school that have decided on courses for the training of Commercial Secretaries.

It is possible that the Study outlines may also be ready.

## BRAZIL AND COTTON

In 1910 Brazil produced 270,000 bales of cotton or about one seventy-fifth of the world crop.

The climate and soil conditions are regarded as permitting almost indefinite extension of this small output.

In order to improve the cotton breeds of Brazil and to consider the problem of cotton raising in all its phases, E. C. Green, who has been six years with the Department of Agriculture, left New York for England on April 15th. On May 25th he will sail from England under three

years' contract with the Brazilian Government. He will carry on his experiments in Coroata, State of Maranhao, four degrees south of the Equator. This point lies 100 miles south of the port of S. Luiz de Maranhao, and can be reached only by water over the Itacipuru.

Mr. Green who is a native of Michigan has been studying the cotton plant for ten years past—five years at College Station and five years at Brownsville, Texas.

## NATIONAL DEFENSE.

The Navy League has its office in Washington. It met in Washington, April 10th and 11th.

Its slogan is "Wanted—A Naval Policy."

Colonel Robert M. Thompson, the Chairman of the Executive Committee made it clear that our naval system does not provide admirals with long experience in handling fleets. Therefore that this weakness might result in our utter undoing no matter how fine our other equipment.

Admiral Selfridge declared that no matter how excellent our Canal fortifications might be the only power to prevent a hostile force from landing outside but near the Canal Zone would be an effective navy.

The League has put out a pamphlet giving 67 reasons for a strong navy.

The National Defense League is carrying on an active propaganda from Washington. Its slogan is "Work for Peace but be prepared for War."

Representative Julius Kahn, of California, is Chairman of the Executive Committee and the Board of Directors.

He recently gave out the following statement:

"The members of the National Defense League would welcome the day when all nations would enter into an agreement to

dismantle their warships and disarm their armies. But the millennium has not yet come. So long as other great nations continue to build Dreadnoughts, so long as they advance in military science and increase the efficiency of their armies, so long must the United States maintain an Army and a Navy commensurate with our standing as one of the world's great powers.

A Council for National Defense was proposed in the 62nd Congress:

It was proposed this Council should "consist of the President of the United States, who shall be ex officio president of the council, the Secretary of State, who shall preside in the absence of the President, the Secretary of War, the Secretary of the Navy, the chairman of the Committee on Appropriations of the Senate, the chairman of the Committee on Foreign Relations of the Senate, the chairman of the Committee on Military Affairs of the Senate, the Chairman of the Committee on Naval Affairs of the Senate, the chairman of the Committee on Appropriations of the House of Representatives, the chairman of the Committee on Foreign Affairs of the House of Representatives, the chairman of the Committee on Military Affairs of the House of Representatives, the Chief of the General Staff of the Army, an officer of the Navy not below the rank of captain to be designated by the Secretary of the Navy, the president of the Army War College, and the president of the Naval War College.

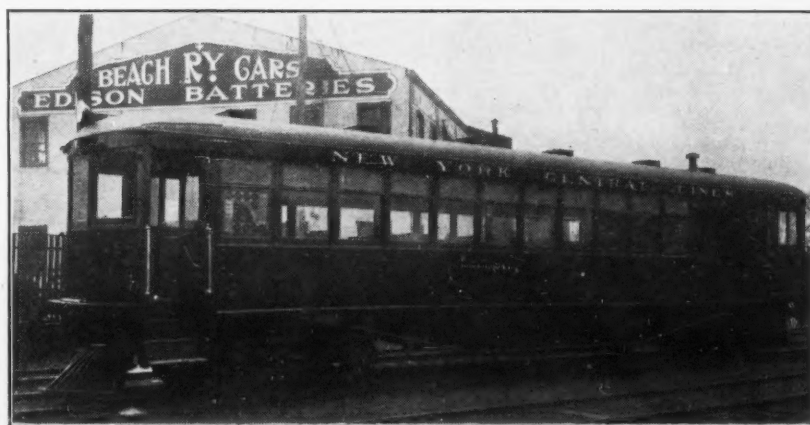
Section three. Provided that said council shall report to the President for transmission to Congress a general policy of national defense and such recommendation of measures relating thereto as it shall deem necessary and expedient."

## TABLE SHOWING STANDING OF NAVIES TODAY.

	Battleships. Dreadnought type.	Battle- ships.	Battle cruisers.	Armored cruisers.	Cruisers.	Destroy- ers.	Torpedo boats.	Subma- rines.
England.....	16	40	7	34	73	140	49	70
Germany.....	10	20	3	9	88	119	9	26
United States.....	8	25	0	11	15	42	20	23
France.....	0	20	0	21	10	75	157	76
Japan.....	2	13	0	13	14	58	54	11
Russia.....	0	8	0	6	9	98	14	81
Italy.....	1	6	0	9	5	24	48	18
Austria.....	1	6	0	3	4	12	40	6

## SHIPS NOW BUILDING WHICH WILL BE ADDED TO ACTIVE LIST IN 1915.

	Battleships. Dreadnought type.	Battle cruisers.	Cruisers.	Destroyers.	Torpedo boats.	Submarines.
England.....	9	4	17	44	0	16
Germany.....	7	3	5	12	0	6
United States.....	5	0	0	14	0	24
France.....	7	0	0	0	0	13
Japan.....	1	4	0	0	0	5
Russia.....	7	4	0	9	0	8
Italy.....	7	0	2	11	21	2
Austria.....	3	0	3	6	12	7



TRAVELED 306 MILES—COST OF POWER \$3.60.

The above car was manufactured by the Federal Storage Battery Car Company and equipped with Edison storage batteries. It was tested March 6, 1913, and made a run from New York to Boston.

The run was made through rain from the Grand Central Station in New York to Poughkeepsie; through light snow from Poughkeepsie to Hudson and through heavy snow from Hudson to Chatham. High cross winds and drifting snow were met with between Chatham and Springfield and the temperature from Springfield to Boston was six degrees above zero.

It is the first time that a storage battery car has ever made such a long run and would seem to indicate that these cars are adapted for long distance service. The total distance traveled was 306.71 miles. The average of miles per hour was 27.6. The maximum speed per hour was 42 miles; about 3 hours and 45 minutes were consumed on the trip for charging batteries. The actual running time was 11.15 hours. The average kilowatt hours per car mile was 1.2. Taking the battery efficiency as given in the report of the trip, just over 52, and current at five mills per kilowatt hour which is the cost of same in the larger plants, the actual cost of the energy for driving this car from New York to Boston would be about \$3.60.

Further test will be made relative to the adaptability of these storage battery cars for general passenger service conditions and in view of the slight cost of current per car the tests become of importance to transportation interests in various parts of the country.

## SURVEY OF 1912.

The American Year Book, for 1912, published by D. Appleton & Co., of New York, is out. It is invaluable for reference and for general information. In 876 pages it gives a survey of all the important happenings and advances of the year just ended. For easy reference and research its contents are classified under the following thirty-five chapter headings:

1. American History.
2. Popular Government and Current Politics.
3. International Relations.
4. Foreign Affairs.
5. The National Administration.
6. State and County Government.
7. Municipal Government.
8. Territories and Dependencies.
9. Law and Jurisprudence.
10. Public Resources and Public works.
11. Public Services.
12. Military and Naval.
13. Economic Conditions and the Conduct of Business.
14. Public Finance, Banking and Insurance.
15. Problems of Population.
16. Social and Economic Progress.
17. Labor and Labor Legislation.
18. Prevention, Correction and Charity.
19. Agriculture, Horticulture, Forestry and Fisheries.
20. The Mineral Industries.
21. Manufactures.
22. Trade, Transportation and Communication.
23. Engineering.
24. Mathematics and Astronomy.
25. Geology, Meteorology, and Geography.
26. Chemistry and Physics.
27. The Biological Sciences.
28. Anthropology, Ethnology and Sociology.
29. Psychology and Philosophy.
30. The Medical Sciences.
31. Religion and Religious Organizations.
32. Art, Archaeology, Music and Drama.
33. Literature and Language.
34. Education and Educational Institutions.
35. Chronology and Necrology.

In addition there is a full index and a list of selected articles from previous issues.

## EMPLOYERS' LIABILITY AND WORKMEN'S COMPENSATION.

In 1906 the Library of Congress published a "Select list of works relating to employers' liability," and in 1908 a "Select list of references on workmen's insurance." In the time which has elapsed since the earlier date, the literature of employers' liability and workmen's compensation has grown to very large proportions. A new list just issued by the Library of Congress is based on this recent literature, but such titles as are still pertinent have been drawn from the 1906 list, and a few which dealt with workmen's insurance against accidents have been taken from the 1908 list.

The recent agitation in the United States has been confined practically to the compensation of workmen for injuries received in industrial accidents and the liability of employers for the same. The list so far as it covers the United States, therefore, has been restricted within the same limits. These restrictions could not be observed in dealing with the literature relating to foreign countries.

This publication consists of 196 pages and is for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. Paper, 25 cents.

## CONSERVATION.

The Library of Congress has recently issued a select list of references on the conservation of natural resources in the United States. The references have been classified under the headings Bibliography, General works, Mineral resources, Water, Forests, Land and soil, Human life. The conservation of human life opens up the whole subject of public health and hygiene and also of eugenics. These are not included in the list, the references in this section being confined to general discussions of the movement, its needs and opportunities. Special care has been bestowed on the index, every region, every state, every commodity and every aspect of the subject susceptible of distinct treatment having been brought out.

The Canadian conservation question is so closely akin to ours and touches us at so many points, that a brief section has been devoted to Canada. It includes only a few of even the more important references.

The publication consists of 110 pages and is for sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. Cloth, 15 cents.

## TRANSPORTATION.

The Railway Business Association has put out a brief, vigorous pamphlet on "The National Menace of Railway Strikes." It points out inadequacies of the Erdman act, states that immediate legislation is imperative, and calls for co-operation between railway managers, railway employees, and the public.

"To save all the people from the waste and the misery of strikes is so imperative that it would seem that the President and the leaders in Congress might well include in their legislative program for the forthcoming extra session consideration of appropriate measures for the strengthening and improvement of the machinery for arbitration in railway labor controversies."

Copies of the pamphlet can be secured by addressing Railway Business Association, 2 Rector Street, New York.

## FOREIGN BOTTOMS.

The following figures compiled from the report for 1912 of the Commissioner of Navigation have recently appeared in the New York Sun over the signature of P. H. W. Ross, President of the National Marine League.

"In 1826 we carried 92.5 per cent of our exports and imports in American ships.

If we had maintained that same proportion to this date our carrying trade would be to the value of \$3,266,759,843.

But, as a matter of fact, last year it was only \$322,451,565.

Therefore in 1912 we are lacking \$2,943,308,278 in the value of the carrying trade that we should have had if our merchant marine had kept pace with our other activities."

In 1912 we carried 9.4 per cent of our exports and imports in American ships.

# CITIES ORGANIZING FOR FOREIGN TRADE

## St. Louis

In another package you will find the Foreign Trade report of The Business Men's League, of St. Louis, which is just off the press.\* This contains the names of our Committee on Foreign Trade, which was organized two years ago for the purpose of stimulating the export business of St. Louis.

Since the organization of the committee the Business Men's League has sent two parties of merchants to Panama—in February of 1912 and in February of 1913. In each case we chartered a special train to carry the party from St. Louis to New Orleans and back and chartered a special ship from the United Fruit Company. The two parties each spent eight days in Panama and two days in Costa Rica and on each trip more than a dozen members of the party left it at Panama and made tours of two or three months through South America. The export business of St. Louis, reported to The Business Men's League by the exporters last year, amounted to between forty and fifty million dollars, the total value of the manufactured product of St. Louis being that same year about eight hundred and fifty million dollars.

We are stimulating transportation on the Mississippi River from St. Louis to New Orleans for the purpose of enlarging this export trade.

W. F. SAUNDERS.

Secretary and General Manager.

\*Organizations are recommended to apply for a copy of this. In addition to a careful analysis of conditions and needs of foreign trade it contains twenty-one pages of diagrams showing the export and import figures of each Latin-American country; the amount of business done by each of these countries with the United States and with its competitors. For the purpose of comparison, similar charts for Cuba and for Porto Rico are presented.

It is gratifying to see by these diagrams that the United States, although its Latin-American commerce is barely twenty years old, is gaining a very strong trade position in these countries, in competition with the merchants of the United Kingdom, who have been trading there for more than one hundred years; and with those of Germany, who have been in those countries fifty years. Ed.

## Baltimore

The Merchants and Manufacturers Association of Baltimore has a committee on Foreign Commerce. This committee endeavors to keep in touch with all matters of legislation likely to affect business of this port.

Through our Merchants' Rebate Movement, conducted by the jobbers of Baltimore, we accumulate accurate knowledge of the needs of customers.

We are sending from time to time, through our magazine "Baltimore," information about commercial facilities of Baltimore.

We endeavor to get in touch with all incoming foreign merchants through the reports of the steamship companies, railroads and hotels. We endeavor to keep our merchants advised of all trade opportunities in foreign countries.

Through our Traffic Bureau, we maintain an up-to-date system, showing transportation routes, together with freight rates, dockage insurance and all other charges at all the leading ports of the United States.

Information is kept on hand showing the imports and exports in values, descriptions and quantities, shown by manifest and Custom House records of this port. Also the tonnage of foreign trade out of Baltimore.

Files are kept of the United States Consular Reports, carefully indexed. A list of our members including manufacturers and all others interested in foreign trade has been compiled, showing the various commodities handled by each and the countries with which they are doing business.

We have a classified list of our merchants, manufacturers and jobbers, showing practically every commodity that can be bought or produced in Baltimore, and who can furnish it.

ROBERT J. BEACHAM.

Secretary.

## Baltimore

The Baltimore Chamber of Commerce has a Committee on Foreign Trade. Its efforts to increase foreign trade have been mainly in the exportation of grain. During last year the grain exports from Baltimore were the largest for several years and this year, during the months of January, February and March, more than 20,000,000 bushels of grain, principally corn, has been shipped abroad.

The activity of the grain merchants has been the means of bringing many vessels to Baltimore, and it is hoped by the officials of the Chamber, that the regular steamship service will thus be increased, and stimulate all lines of export trade.

JAS. B. HESSONG.

Secretary.

## REMARKABLE INCREASES

The following figures warrant closest examination. They show the tremendous growth of exports of iron and steel manufactures in a decade.

They demonstrate a demand produced by salesmanship. The expected and needed increases in exports are to come in the future through the same means. The salesmanship has hitherto been largely of an individual character. The collective promotion of it by commercial organizations has only just begun as will be seen elsewhere in this number. When, however, collective efforts get under full headway, the economy and efficiency of mutual efforts will make past figures easy to excel.

Exports of Iron and Steel Manufactures from the United States during the 8 months ended with February, 1903 and 1913.

CLASSES.	Eight Months ended with February, 1903.	1913.
Iron and steel manufactures .....	\$62,922,173	\$198,310,227
Agricultural implements .....	10,471,911	25,813,688
Automobiles .....	663,223	17,835,964
Cycles .....	1,253,348	739,643

Total of such exports .....

75,313,655 243,699,522

### Principal Articles Exported.

Pipes and fittings .....	\$3,379,625	\$9,570,646
Builders' hardware .....	4,819,071	4,055,355
Tools .....	2,900,698	8,100,016
Castings .....	1,258,518	2,545,297
Firearms .....	667,271	2,550,102
Metal working machinery .....	1,814,744	10,500,047
Printing presses .....	610,347	1,668,245
Pumps and pumping machinery .....	1,820,554	2,644,538
Sewing machines .....	3,177,948	7,404,604
Shoe machinery .....	498,245	1,231,616
Typewriters .....	2,406,767	7,509,262
Stoves and ranges .....	625,742	1,386,960

(Lbs.) (Lbs.)

Bar iron .....	14,914,072	29,361,618
Wire rods, steel .....	43,434,258	97,944,715
Other bars or steel rods .....	21,989,003	357,817,379
Nails and spikes .....	53,571,267	120,518,099
Iron sheets and plates .....	4,237,691	248,277,661
Steel sheets and plates .....	18,460,091	579,024,323
Tin plates, etc. ....	1,479,773	101,585,778
Wire .....	134,421,856	346,965,208
Hoop, band, scroll iron .....	1,735,145	25,269,866

(Tons) (Tons)

Rails for railways, steel .....	19,769	309,991
Billets, ingots, blooms .....	1,829	190,954
Structural iron and steel .....	22,805	214,090

(Number) (Number)

Locomotives, (Steam) .....	215	451
Stationary engines .....	920	15,277
Cash registers .....	9,983	30,726
Safes .....	1,900	5,427

(Compiled by the Statistical Division of the Bureau of Foreign and Domestic Commerce.)

## Philadelphia's Commercial Museum

In Philadelphia there has grown up quietly an institution known as the Philadelphia Commercial Museum. Outside the business world its existence is scarcely suspected. In a sense it is misnamed. It is actually a training-school with a practical curriculum for American exporters.

The institution has flourished because it is operated impartially for the benefit of all American business men. It is supported chiefly by the State government and by the city of Philadelphia, while an appropriation is made by the Federal government in support of it. Thus, being a public institution, recognized by all foreign governments and boards of trade throughout the world, it is able to lend assistance that would be impossible on the part of any institution controlled for private gain.

The Commercial Museum was founded because it was needed. America is become the greatest manufacturing country in the world. We produce a surplus of manufactures that must be sold. Our manufactured exports have about doubled in ten years—in truth a cause for satisfaction. And yet we have not accomplished enough. Although we manufacture more goods than England and Germany combined, we do not export nearly so many manufactured goods as either one of those competitors.

### Helps the Individual.

The purpose of the Commercial Museum is to advance American commerce generally by helping the individual. To achieve this end the institution has been developed to aid the manufacturer in every step from the securing of his raw supplies to the scientific marketing of his goods abroad.

In a park set aside by the city are four beautiful buildings of immense size. In all they contain some 400,000 square feet of floor space crowded with exhibits of all articles that enter into the world's commerce. These range from the raw products to the finished goods, the latter including examples of what foreign manufacturers are offering in export trade.

Having thus shown the manufacturer what to send and how to make it economically, there remains for the Commercial Museum its most important function of all—that of teaching him how to sell it profitably. This part of the work is looked after by the Foreign Trade Bureau of the Commercial Museum.

Most failures in foreign commerce come about because manufacturers do not know what to send and what not to send. A common error of the novice is thinking that, because of the superiority of his product, he can educate foreigners to conform to something unfamiliar to them. The museum proves to him that if he would succeed he must make his goods conform to native preference and custom. English and German manufacturers do this and none questions their preeminence in foreign commerce.

### Seeks Foreign Agents.

The museum will help any manufacturer to secure the right kind of foreign agents. There are on file at the bureau reports on the business methods and character of some 350,000 foreign houses. The goods to be exploited are considered and a list of agents qualified in every way to handle them is compiled. Thus the manufacturer is enabled to aim directly at the bull's-eye in negotiating for representatives who can best serve him in any corner of the world. These rating reports conversely work to the advantage of the exporter in assisting him to secure payment of bad or slow foreign debts. The bureau will assist in these collections, and since the foreign concerns know that failure to pay up will put them on a black list international in influence they usually respond promptly.

(Condensed from an article by John S. Lopez, in Harper's Weekly.)

The Foreign Trade Bureau of the Commercial Museum maintains information, translation and publication services. There is also a practical consulting library, recognized as one of the most complete of its kind in the world.

Commercial organizations are recommended to apply to Wilfred H. Schoff, Secretary of the Commercial Museum, for pamphlets describing its work.

## Detroit

About a year and a half ago the Board of Directors of the Detroit Board of Commerce, feeling that something should be done to assist Detroit manufacturers in securing foreign trade, appointed an Export Committee.

Throughout the year advertising, calling attention to Detroit's manufactured products, has been carried in export trade journals.

We receive several inquiries a day. These come from practically every civilized country of the globe, and we refer these to the manufacturers making the class of goods inquired for. It frequently happens that we receive inquiries for goods not being made in Detroit. In each case they are referred to manufacturers in the State of Michigan, or, goods not being made in the State, to any manufacturer in the United States making the article in question.

Our Committee also does translation work for our manufacturers, which is a saving of considerable time for a good many who previously sent their work to eastern points.

We furnish articles to our newspapers right along relative to export matters and also carry foreign trade notes in our own publication, The Detroitian, each month.

Inquiries are carefully attended in relation to climatic conditions, roads, ways to pack and ship goods.

In one case, a United States Consular officer reported that an automobile manufacturer was advertising an American car abroad as "free from all American imperfections of manufacture and made according to the latest European standards." The matter was referred to us from Washington and on investigation we found the advertising to be that of a local manufacturer. On the matter being called to his attention, he instructed his foreign representatives to discontinue such advertising, it being deemed detrimental to our entire trade in that country.

LEROY M. GIBBS,  
Business Manager.

## Newark

Through the Committee on Manufacturers of The Board of Trade, of the City of Newark, N. J., advantage is taken of information contained in consular reports and distributed, also of various channels offered through correspondence with foreign agents.

As a result of an Industrial Exposition very successfully conducted during the past year, we have set aside the sum of \$12,000 to defray the cost of making a canvass to ascertain the name of all individuals, firms or corporations engaged in manufacturing in this city, with a classified list of the articles produced in our factories.

This information has been compiled, translated into French and Spanish and manuscript of a complete trade directory is in the hands of the printer.

We shall circulate copies to all members of the diplomatic and consular corps of the United States, to foreign embassies and to all the libraries and other public places in the various cities of South America, Australia and Europe.

In this way we anticipate conferring a benefit upon the industrial interests of Newark.

JAS. M. REILLY,  
Secretary.

## New Orleans

The Merchants and Manufacturers Bureau of the New Orleans Progressive Union, maintains an Export Department, in charge of a man born in Latin America, whose duty is to meet every ship that enters this port, ascertain what merchants are on board, and endeavor to have them purchase from New Orleans firms. This has proven very successful, as we have been able to divert, through this means, trade that would have gone to other markets.

We also send thousands of letters to Central and South America, calling attention to the advantages of New Orleans as an Export trade market.

We also have a Committee, at the present time, looking into the details of a trip to be made by the heads of New Orleans houses to export countries.

ALLEN H. BORDEN,  
Executive Secretary.

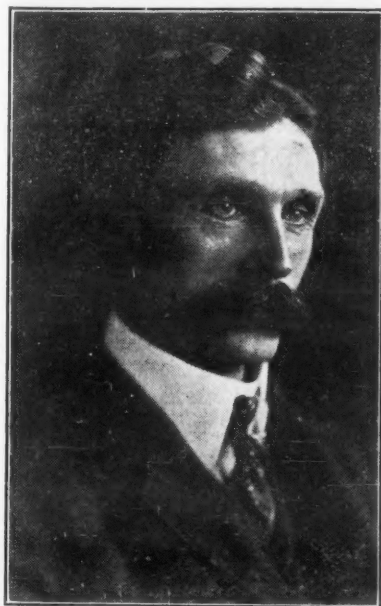
Replies have also been received from the Merchant's Ass'n of N. Y., the Buffalo Chamber of Commerce, the Jersey City Chamber of Commerce, the Louisville Board of Trade stating that committees are being organized for the promotion of foreign trade. This subject will be taken up again in the next issue of The Nation's Business.

# BUSINESS SERVICES BY THE BUREAU OF MINES

The Bureau of Mines of the Department of the Interior has functions that are clearly those of investigation and give it no legal power to force the results of the investigations upon the public. Yet this Bureau, which has existed not quite three years has already stimulated the "Safety First" movement throughout the country to such an extent that mine operators, railroads and factories are turning their attention to the question of safety in employment.

The Bureau of Mines has three leading functions, each of them having close relation to business efficiency.

The first is in the field of research to prevent unnecessary waste and thus to secure benefits to later generations when they make demands upon the native mineral resources of the United States. From this point of view the Bureau of Mines is a strong contributing force in the direction of conservation.



DIRECTOR JOSEPH A. HOLMES.

## Producer-Gas.

The second is in the field of research relative to the general economic development of mining and the best use of present day capacity by the mines of America. It thus looks after the current welfare of the industry and of the nation as affected by mine development. An illustration of the value of such research is found in the field of natural gas. The waning supply in many parts of the country has led to earnest study of methods for utilizing low-grade coal for producer-gas and thus preventing the necessity for removing factories equipped for gas from places where the natural supply is declining. Beyond the advantage to factories now using natural gas, the researches of the Bureau of Mines relative to producer-gas engines are aimed at stimulating a national desire to have each ton of coal productive of its full power. A striking feature relative to this research is that probably not ten per cent. of the power locked up in coal is used under ordinary circumstances. The balance escapes in gases, etc.

The increased development of producer-gas engines under the stimulus of such investigations is shown by the fact that in 1904 the largest gas engine available represented only 250 horse power. Now the largest gas engine available represents five thousand horse power.

The third feature of work done by the Bureau of Mines is a combination of safety and business in that researches have been made to show the economic advantage of safety in mining and of the protection of miners. The great bituminous mines of the country, for instance, are being run on so small a margin of possible profit that the prevention of mine accidents comes into sight as a means of continuing the life of some of the coal mines themselves, in that a disaster in a mine can through indemnities for the loss or life wipe out the earning capacity of the mine altogether.

The researches of the Bureau of Mines also serve to give currency to right ideas, the complete use of blast furnace gases in Gary is a type of this service. These gases are made to provide heat and power for the great steel plant and are thus economizing that which in all the unmeasured past has been uncontrolled loss. One hundred thousand horse power created by these gases saves annually to the nation 1,000,000 tons of coal. The Bureau makes these methods known to others interested in the same subject with a view to promoting similar methods. Again the fact that slag heaps are conspicuous by their absence in Gary is explained to the nation and the method of using slag for the manufacture of cement brought to the attention of those who are embarrassed by the growth of their slag heaps.

The Bureau has at its disposal a hundred and thirty-five thousand dollars a year to be used in testing types of fuel used by the Government and determining for all government establishments the most efficient methods of using the fuel supply. By research the Bureau shows which coal is best for coke, which for gas, and which for ordinary commercial and domestic use. Having reached such conclusions, the Bureau then demonstrates the accuracy of its researches in relation to fuel supplied to the government, at penitentiaries, public buildings, etc., the country over. The experts for the government show how the fuel supplied can be used in greatest efficiency at the lowest prices. The point has been made that at some remote places, perfectly honest employees of the government were using anthracite coal at twenty-five dollars a ton, when equally good results could have been secured from local coal, costing only two or three dollars a ton. Every year since the Bureau of Mines has been in existence its appropriation for research has been more than made up by the efficiency added to government heating plants. Its researches become public property and the Bureau of Mines is thus bringing additional efficiency to the use of coal the nation over.

## Research Regarding Explosives.

An important field of work on the part of the Bureau has been in relation to explosives used in mines. Nothing has been too great or too small for investigation. For instance, the use of two sticks of dynamite properly tamped as contrasted with the use of three sticks untamped, has represented in one mine alone an economy of twenty thousand dollars a year. The discovery by the Bureau that a double strength detonator would produce just as effective results with forty per cent. dynamite as had hitherto been produced with sixty per cent. dynamite is resulting in great economies. Related to research relative to explosives and their usefulness has been labored research relative to explosives and their dangers. It was found through investigation that the ordinary black powder used in blasting carried with it risks that were every year recorded in mine disasters and loss of life. Consequently, the Bureau began a testing and investigation of all powders with a view to stating which were comparatively safe. Those powders that withstood the test were termed "permissible" and their use urged in dangerous mines.

Its line of research has been a great factor in the reduction of mine explosions and consequent loss of life as seen in the following table:

Production, number of men employed, and number of men killed in and around the coal mines of the United States in the calendar years 1907 to 1912, inclusive.

Year.	Production (short tons)	Number employed.	Number killed.			Production per death, (short tons of coal)
			Total	Per 1,000 employed.	Per 1,000,000 Short tons of coal mined.	
1907.....	461,406,000	655,418	3,197	4.88	6.93	144,000
1908.....	404,933,000	672,794	2,449	3.64	6.05	165,000
1909.....	460,761,000	666,523	2,668	4.00	5.79	173,000
1910.....	501,536,000	725,030	2,840	3.92	5.68	177,000
1911.....	496,221,000	728,348	2,719	3.73	5.48	183,000
1912a.....	550,000,000	750,000	2,350	3.13	4.27	234,000

a Subject to slight revision.

Their investigations were in the direction of quick-burning powders and there are now used in this country sixteen to seventeen million pounds of permissible explosives a year, when five years ago practically none of those were in use.

An indication of the cost arising from preventable catastrophes can be gained by referring to the Cherry Mine disaster which occurred in Illinois, Nov. 13, 1909. Subscriptions and appropriations of \$1,500,000 became necessary. The disaster wiped out two hundred and fifty-six lives.

## States Becoming Aroused.

Reverting now to the opening statement relative to the Bureau of Mines as limited to investigation and without power of compulsion, it is pleasing to draw attention to certain results secured. All mining states of the union are now more active in making appropriations for mine inspection than has ever been true before. The majority of such states are now appropriating more than twice as much as they did for this purpose before the bureau was created. These results have been aided and in some cases prompted by conferences on the part of representatives of the Bureau of Mines with state inspectors of mines and with state geologists. The result is a tendency on the part of the states to undertake feasible and enforceable laws relative to mines and mine operations. From the very reason that the Bureau has been without authority to enforce action there has been evidenced in its labors a complete absence of wild or theoretical suggestions; for the officers of the Bureau have felt that the responsibility of acting on their researches belongs to others and therefore the researches must be final and exactly applicable.

During the past eight weeks a very important conference has been held in Pittsburgh relative to the boring of oil and gas wells and the relation of these to coal mines through which the bores might pass. The outcome is a report of this conference of state geologists, representatives of the Bureau of Mines, state mine inspectors and coal, natural gas, and petroleum operators. The report places in the hands of all interested parties the nation over a means for securing uniformity in reasonable legislation that will reduce the dangers of coal mines arising from active or forsaken bores.

## Union Labor Co-operation.

In the direction of organized labor the Bureau of Mines is in touch with the United Mine Workers relative to the formation of a committee of five to secure on the part of the miners themselves, co-operation in the enforcement of simple rules of safety. The particular point of this step is that probably one-half of the miners in America can not speak English and therefore have no clear idea of either state or federal government and usually hold to the incorrect idea that government is designed as a means of oppressing the people. The effort on the part of the Bureau of Mines to secure safety has in many places been hindered by suspicion on the part of the miners themselves and therefore the effort to reach these men through their own organization for their own benefit is being made.

Possibly the most picturesque appeal that the Bureau of Mines has made to the public has been in the direction of its rescue cars. There are eight of these cars in existence in this country, located at various points, so that no active mine is more than twenty-four hours away from a rescue car. Each car has a crew consisting of one mining engineer two practical miners, and a cook and janitor. The cars are constantly on the move, they are never idle. According to a schedule each travels from mine to mine and wherever it stops, lectures are given to the superintendents and foremen, conferences are held with operators, and the practical miners drill other miners for rescue work. Thus each of these cars during the year leaves behind it influences that in a moment of unexpected disaster may mean the saving of many lives. As a result of the work the mine operators of the country have within the past two years purchased 1500 outfits of rescue apparatus, so as to enable local offices to deal instantly with those who are injured by explosions or accidents.

In the beginning both miners and operators were suspicious of these cars and of the Bureau of Mines. A complete change has come in two years. The operators see in the researches of the Bureau of Mines a help towards efficiency and safety; the miners see the same. At a recent "Safety First" movement meeting held in Pittsburgh, eight thousand men were present. Four years ago it is doubtful whether twenty-five would have been present under similar circumstances.

In these days when efficiency is demanded in every line of business the test that must be applied to any bureau of the government is as to whether it is paying for itself in practical results. Applying this test to the Bureau of Mines, it is seen that its appropriations for research in the matter of fuel used by the government each year have been more than met by the results of research and that consequently from the Bureau of Mines has come to the nation as a costless by-product all the good influence which it is exerting upon mines, mining conditions, the safety of miners, the resuscitation of injured, and the conservation of resources.

—Based on an interview with Director Joseph A. Holmes.

## STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC.

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D. A. Skinner  
(Signature of editor, publisher, business manager, or owner)

Assistant Secretary,  
CHAMBER OF COMMERCE  
OF THE UNITED STATES OF AMERICA.

Sworn to and subscribed before me this First day of April, 1913.

(My commission expires Jan. 3, 1918.)

Katherine V. Boswell,  
Notary Public.